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**YEAR BOOK OF AGRICULTURAL  
CO-OPERATION  
(1930) .**

# THE HORACE PLUNKETT FOUNDATION

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# Year Book of Agricultural Co-operation 1930

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**YEAR-BOOK OF AGRICULTURAL  
CO-OPERATION  
(1930)**



## EDITORIAL

THE character of the Year Book has been somewhat altered in this edition on the suggestion of readers for whom it is mainly intended in the British Empire, as well as readers in other parts of the world who regard the Horace Plunkett Foundation as a centre of international information. Each year it becomes a more nearly complete record of the progress of agricultural co-operation in British lands; at the same time the Foundation has had to meet such an increasing number of requests for information regarding the manner in which agricultural business problems are being treated in other countries, that the purpose of the volume seemed best served by extending the scope of its annual survey to other countries.

The review of progress in the British Empire includes this year for the first time an unofficial but authoritative account of the actual state of the movement in India, for which we are indebted to one of the most devoted volunteer workers in the movement; it is frank in its admissions of present weakness but hopeful of a prosperous future, for which solid foundations are being laid. Co-operation to any effective extent is also a matter of building for the future in the West Indies and British Guiana, where neglect of the economic progress of agriculture, as compared with the amount of technical research promoted, is deplorable. Due tribute is paid to the founders of a new policy in Demerara and to the co-operative initiative which is transforming Jamaica; the future of the other islands, it is suggested, depends upon prompt and expert attention to local problems of organisation with a view to future co-ordination of effort. Several aspects

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of agricultural business and rural reconstruction are dealt with in three sections covering the British Isles. In the Canadian section the continued progress of the wheat pools is recorded, with notes on other co-operative enterprise in Manitoba and Ontario. Compulsion, of which there is said to be much talk in Canada, still continues to be a problem rather than a solution in South Africa; there appears to be nothing of importance to add to the account given last year. Four States are well represented in the Australian Section; we regret the absence of a Queensland chapter, presumably owing to uncertainties involved in the double political change; the contrast increases between co-operative tendencies in the East and in the West. In New Zealand the record is one of steady progress again; the wheat control there, it is worth noting, does not preclude the need of organisation of the producers. The dairy interests of these two dominions, Australia and New Zealand, formed a new marketing combination in the latter part of the year, known as Empire Dairies Limited, with the purpose of strengthening their position in the market. Although based upon well-known primary societies and their federations, it has not seemed desirable to attempt to give here any description of its necessarily complex constitution until there has been time to hear of the satisfaction it is able to give to producers overseas.

The foreign articles included in this volume deal with those countries regarding which we have in the past year been most frequently called upon to give information. The most important of these is the section on Czechoslovakia; it is the first detailed survey which has been published since this country began to challenge Denmark for first place in order of interest to agricultural co-operators. The reconstruction of agricultural credit in Germany is also of special interest to many British lands, and not least to those which in the past have taken the co-operative

method of that country as a model for their own credit organisation. The rôle of the State in co-operation is a subject of increasing enquiry. The part of the State and respective functions of the syndicates and co-operatives in French rural economy is timely as well as being of unusual personal interest in its authorship. The chapter on Rumania will be read as a still more pointed warning by those who hold the voluntary character of co-operation as fundamental and regard with apprehension the tendency now in the ascendant in so many countries to supplant or supplement it with enterprises undertaken by the State. The history of the wheat control given in the chapter on Switzerland is of topical interest to English readers, while the unique character of the interlocking system established for the export of cheese will claim the attention of co-operators in the Dominions who are concerned with the disposal of dairy produce.

As announced in the preceding issue, the statistical tables of co-operative organisations have been discontinued for the present. Since they were first published three years ago, a number of States in the Empire have been moved to collect and publish their own statistics on the same lines in their annual reports; these are always available in the Co-operative Reference Library. For a proper knowledge of the actual resources and stability of that large proportion of Empire trade which is conducted co-operatively, it is most desirable that such statistics should be compiled in every State of the Empire. We hope to resume publication of the aggregate of these statistics whenever they are available in a complete and authoritative form.

The section on New Legislation is the second supplement to the World Survey published in the 1928 *Year Book*. The Books, Surveys, and Reports under review have appeared during the past twelve months. They have been added, together with other new publications, to the Bibliography of Agricultural Co-operation.

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Offprints of the complete Bibliography are available for the use of students. The section on Czechoslovakia is also to be issued as a separate volume. An account of the work and aims of the Horace Plunkett Foundation and the last Annual Report are included in this volume.

# REVIVAL IN THE WEST INDIES

BY

KARL WALTER

## I.—THE LESSER ANTILLES\*

*Introductory.*—Under the terms of an annual grant made to the Horace Plunkett Foundation by the Empire Marketing Board, I visited Ceylon, Australia, New Zealand, and Western Canada, in 1927 and 1928, to enquire into the progress of organisation by agriculturists for production and marketing, to link existing co-operative enterprises with the Foundation as a clearing-house of information on agricultural co-operation in the Empire, and for conference with those interested in the encouragement of better business in agriculture as a part of the Empire Marketing Board's policy for establishing closer connections between Empire producers and the Home market.

These visits made it clear that the scope of the Foundation differs largely as between the Dominions and the Colonial Empire. The organisation of agricultural business was found to be well advanced in most parts of the Dominions, although by no means in a uniform state of efficiency. The Dominion Governments (and most of the State and Provincial governments) were alive to the benefits derived by farmer communities from agricultural co-operation, and were either actively or sympathetically interested in its promotion; the organisations themselves, though in many places lacking the wider social outlook of co-operation in its application to all rural business, such as obtains in parts of Canada,

\* This section on the Lesser Antilles was written for the Empire Marketing Board for official circulation, and is now published by permission.



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were everywhere embarked upon great production and marketing programmes. The Foundation provides what these Dominion movements lack in a centre of information and comparative studies of different forms of organisation. In Ceylon, however, a closer study of the field of co-operative action and more consideration of its future possibilities had been invited, as also in Tasmania. So in the West Indies and Demerara, I found an open field for observation and a lively demand for constructive suggestions and advice. For this I was prepared also by information previously obtained from the Colonial Office, the Empire Marketing Board, and reports of recent visitors to the Colonies, including those of Professor H. Clark Powell, B.Sc., of Transvaal University College, and Mr. H. C. Sampson, C.I.E., of Kew Gardens.

I left London on January 12, 1929, and returned on April 29, travelling in that period:

By sea, transatlantic .. .. .	8,034 miles.
By sea, inter-colonial .. .. .	4,014 miles.
By land, colonial .. .. .	2,539 miles.

The Colonies and islands visited and the time spent in each, several being visited more than once, were as follows: Jamaica (30 days), Trinidad (12 days), St. Lucia (9 days), Barbados (5 days), Antigua (3 days), British Guiana (3 days), Grenada (1 day), St. Vincent (1 day), Dominica (1 day), Montserrat ( $\frac{1}{2}$  day). Half days were also spent in Guadeloupe and Martinique, and a day in Panama (Canal Zone). I intended to visit British Honduras, and by request of the Governor had arranged to spend a day in Belize, but later heard from him that, as the only day on which I could be there would be a bank holiday, it would be useless. The extra time thus released (8 days) was devoted to Jamaica.

In the course of these visits I was called upon to address thirty-one public meetings and to attend many private conferences. I am not including in this Report the detailed advice and sugges-

tions evolved in these. The recommendations I make in the conclusion of the section dealing with the West Indian Islands (excluding Jamaica) is all that can be usefully put forward in this place; the rest must be worked out with the agriculturists of the Colonies themselves. After due consideration by the Foundation it is in our opinion the first necessary and practical step toward the development of better agricultural production and marketing in those islands.

The comparative absence of any effort for co-operation in most of the islands is no doubt due to the fact that while the science and practice of agriculture for many years have had the attention of a large force of experts, the economics and business methods of the industry have been almost ignored. Scraps of data are scattered through the annual reports of some of the agricultural departments, but the only economic and business studies are those which are being made (under severely limited conditions) by Mr. C. Y. Shepherd, Professor of Economics at the Imperial College of Tropical Agriculture. To him and to Sir Francis Watts I have to acknowledge my indebtedness for some historical background for my observations. I must also express my gratitude to the Colonial Office for the special facilities afforded to me in all the Colonies visited, and to Professor H. A. Ballou, Commissioner of Agriculture, for the excellent arrangements he made for my tour of the islands; through him and the Directors and Superintendents of Agriculture who, with unfailing courtesy and devoted punctuality, carried out the details of his programme, even when it involved coming on board for me before sunrise, I was able to make good use of every minute of my visits. I wish also to put on record here the gratitude of myself and Mrs. Walter to Mr. G. Evans, Director of the Imperial College of Tropical Agriculture, and Mrs. Evans, and to many others who extended to us a West Indian hospitality that is rightly proverbial.

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*Geographical.*—The British West Indies are an imaginary geographical unit divided into six colonies. Leaving out the Bahamas, which do not come within the scope of this Report, the divisions are: (1) Jamaica, (2) Barbados, (3) Trinidad and Tobago, (4) Windward Islands, and (5) Leeward Islands. These divisions no longer accord with the economic life and development of the islands. Jamaica is quite outside the picture; it is even more remote from the other islands in its economic and political life than New Zealand is from Australia. In any case, the islands now under four Governments constitute a single unit for the purposes of this Report. Jamaica and British Guiana are dealt with elsewhere.

The importance of the Lesser Antilles in colonial history is impressively brought to the notice of the visitor in the extensive military and naval works in Antigua and St. Lucia, to which the inhabitants of today point more in sorrow than in pride. The depression into which the Colonies have been allowed to drift is emphasised by comparison with the state of the two French islands, Guadeloupe and Martinique. Administered as integral parts of the French Republic and thus enjoying the benefits of highly preferential trading conditions, their present prosperity is comparable with the most rosy days of our own West Indian commerce. Yet the present condition of the British Colonies is not anywhere so irretrievable as is commonly supposed, nor is there any excuse in nature to treat them as "derelict islands." Several of them have been and one or two still are a charge upon the British Treasury. But, taking the group as a whole, with its population of approximately 800,000, and observing the actual production and the capacity for its increase under greater incentive, one cannot share either the defeatist sentiment to be found at home or the feelings of the Imperial stepchildren themselves. On the scientific side of agricultural production, neither the local

departments nor the Imperial Government can be charged with neglect. At a sober estimate, if the knowledge of tropical agriculture at this moment available in the islands could be applied to present cultivation, the produce of the islands would be doubled; if this produce could be properly handled and sold at its inherent market value the wealth of the islands would be more than quadrupled. Two things are lacking, however, for such achievement, and in these matters there is no defence against the charges of neglect when compared with colonial enterprise in Java, Ceylon, Porto Rico and elsewhere. The missing links in this chain of prosperity are, firstly, the means for getting available knowledge put into practice by the cultivator and, secondly, a modern business system to the markets of the world. With a single exception to be noted in Trinidad, and a few sporadic efforts elsewhere, these Colonies have remained in ignorance of the progress that has been made in the organisation of primary producers and the marketing of agricultural produce since the beginning of the century. This accounts for a low *per capita* value of agricultural exports in comparison with other countries:

	£	s.	d.
British West Indies (excluding Jamaica)	..	6	15 0
British Guiana .. .. .	..	10	7 0
Porto Rico .. .. .	..	16	12 0
Cuba .. .. .	..	20	0 0
Australia .. .. .	..	22	0 0
New Zealand.. .. .	..	31	5 0

Conditions of production vary considerably from island to island, but with the single exception of Barbados they are in an advanced state of transition from what has been called plantocracy to peasant proprietorship. Under either system, whether the cultivator is wage-earner or peasant, but especially in the former case, an important factor in increase of production is lacking. While the conscious needs of the labourer or peasant

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remain at their present low level, he is satisfied to do the equivalent of two or three full days' work per week. This is a common complaint among employers of labour, who, at the same time, are the most unwilling to do anything to raise the standard of living of the native West Indian, ridiculing the suggestion that if he began to want better houses, better furniture, sewing-machines, gramophones, wireless, and the other paraphernalia of civilisation he would work longer hours and produce more in order to get them. Among the peasant proprietors this lack of social incentive is very largely compensated by the pride of possession of his own land and home, as may be observed among the peasant holdings in any of the islands where peasant ownership has been encouraged. This is not the place to discuss the relative efficiency of peasant and plantation production; in any case, the transition toward the former, in spite of the opposition of the plantocracy wherever the old order still feels itself to be in the ascendant, has gone too far to be arrested. Economic progress and political stability alike rest now on the family farm. If the prosperity of the islands has fallen during this stage of transition, it is to be accounted for by the absence of co-operative enterprise. The concluding sentence of the Report by the Right Hon. W. G. A. Ormsby-Gore on his visit to Malaya, Ceylon, and Java last year, was: "In Malaya and Ceylon, as in India, co-operation is the key to the prosperity of peasant agriculture." This is equally true of the West Indies.

### *Trinidad.*

Trinidad is the largest of the islands (1,862 square miles; 391,705 population), and has the greatest diversity of cultivation. Cocoa (£1,671,883 exported in 1927) is the main crop of the Colony, with sugar (£762,364) still in second place, and coconuts (£190,295) in third. Extensive experiments, lasting over a period of fourteen years at the Rivers Estate have accumulated sufficient data

regarding methods of cultivation to double production from their present acreage if the information could be efficiently applied by the smaller growers, but there are not the appropriate channels through which it can reach them. As found elsewhere, it needs to pass through some internal economic organisation to become a real factor in peasant cultivation. There are two ways in which better cultivation is promoted, one of them independent of the Department, and the other utilising the Department's local inspectors—the Trinidad Cocoa Planters' Association and the Agricultural Bank.

The Cocoa Planters' Association is a co-operative organisation of planters who pool their cocoa for grading and marketing. The Association has achieved a high reputation in the markets of the world, its cocoa being sold on the certificate of the Association at most favourable prices. It was started some twenty years ago by a few of the larger planters of the island without any Government assistance. It has its own warehouse in Port of Spain and has established direct sales relations with American manufacturers, but has been unable to do so in England. The Association members receive 90 per cent. of the local market price on delivery, and a final *pro rata* payment at the end of each financial year. The Association has no difficulty in financing its crop on these terms. It has a healthy reserve fund and obtains credit on favourable terms from the banks for its advances. Its turnover comprises from 75 to 80 per cent. of plantation cocoa grown in Trinidad. In recent years, with the increase of peasant production, however, its members have come to recognise the desirability of bringing their produce also under co-operative control.

As yet, no peasant fermentaries have been set up in Trinidad owing to the difficulty of getting the matter known and appreciated by the peasantry scattered among the mountains. The offer to open membership to peasant co-operatives, however, was ex-

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tended to Tobago, where a similar variety of cocoa is grown, with results which will be related in the section dealing with that island.

At the end of 1928 the membership of the Association was 211 estates, with an annual crop of more than a million pounds weight. In the year ending June, 1928, the Association found markets as follows, the amounts being bags of 165 lb. each.

U.S.A.	..	..	19,635	Europe	..	..	16,327
Trinidad	..	..	8,260	Canada	..	..	4,147
United Kingdom	..	..	3,744	New Zealand	..	..	208
Australia	..	..	121	Demerara	..	..	6

The working expenses of the Association for this year were under 1 per cent. No directors' fees are paid. The Association has been fortunate from the beginning in having the leadership of some of the most experienced and wisest planters in the West Indies, who at the same time have thoroughly understood how to maintain the independence of the producers in marketing. Through them the Association has been an important factor in the agricultural prosperity of Trinidad and an active influence in raising the standard of its cocoa.

The Agricultural Bank, financed by the Government, maintains a thorough system of inspection of properties through the officers of the Department of Agriculture. The maximum amount which a proprietor can borrow on his land is assessed not on the value of the property, but on its production. Periodic inspections are made after a loan has been granted. Proprietors frequently have to submit to a searching cross-examination by the Board, in the course of which they receive much valuable advice from members of the Board who are themselves planters of long experience. The Bank has authority to raise a loan of £250,000, but at the time of writing had not had recourse to this, having been financed by the Colonial Treasury by advances at 5 per cent. This enabled it to lend on mortgage at 7 per cent. Rates of

10 per cent. to 15 per cent. on mortgages prevailed at the time of the Bank's inception. There have been recent instances of proprietors applying for loans in order to pay off mortgages of which the rate of interest is actually lower than that of the Bank, in order to free themselves from trading obligations involved by the commercial loan.

The Agricultural Bank appears to fulfil not only adequately but beneficially all the requirements of agricultural mortgage credit in the Colony, for peasant properties down to 10 acres, as well as for the larger estates. It could not hitherto do anything to meet the equally great need for short-time credit, owing to the legal cost of such operations; but a scheme has now been adopted under which crop loans can be made at 8 per cent., with a total inclusive cost of 10s., the maximum amount being two-thirds of the estimated value of the crop. These loans will be made with a uniform due date, June 30, and will not be renewable.

There are 35 co-operative credit societies in the Colony, which will provide interesting comparison with the working of the Agricultural Bank's short-term credit scheme when that has been tested. The co-operative societies, as might be expected, have been more successful among the East Indians than among the less closely associated West Indians. Some of the West Indian societies are making an effort to recover from the difficulties into which they fell in the recent years of depression, but it will probably be found desirable to wind up several of them. The East Indian societies are in a sound financial position, owing largely to the care and sympathy with which they have been conducted through this difficult period by Mr. Jones, of the Ste. Madeleine Sugar Estates. They are in fact much too dependent upon his generous attention, and with due care should now be persuaded to undertake at least such responsibilities as keeping their own books. Reference to the latter societies in the Director



of Agriculture's last Report is worth noting as an instance of the incidental benefits which accrue from co-operative organisation: "One group of societies about Debe, composed of cane farmers, have done exceedingly useful work in arranging between the members for better regulation of the delivery of canes, thus avoiding a loss of time, which is such a frequent cause of complaint in other districts."

The Trinidad Fruit Growers' Association was formed in 1926 on the initiative of the Chamber of Commerce and the Agricultural Society. It is overloaded with purposes, and has a membership of many conflicting interests. It would seem to have been moulded on the pattern of a similar organisation in Jamaica, the Jamaica Producers' Association, which is now in process of re-constitution. One of the purposes of the Trinidad Association was to set up "sub-associations" for trading purposes. Nothing, in fact, has been done by the Association, and it has been suggested to its promoters that they should abandon this unwieldy scheme of organisation and so amend the constitution of the Association as to enable it to function as an organisation society, similar to those in Ireland, Scotland, Finland, and elsewhere, following the lines of development also recommended in Jamaica. In this form the Association might serve a very useful purpose in Trinidad. It is, however, further suggested that it should extend its scope to agricultural business in general and invite the affiliation of the co-operative credit societies and the Cocoa Planters' Association, whose experience in co-operative business would thus be made directly available in the promotion of other co-operative enterprise. It should be clearly understood that the Association, converted into an organisation society, would not do any trading or have any trading control over its affiliated societies or associations or over any trading body which it might promote. It should be the focus of information and education regarding the forms of

organisation best suited for the handling of different agricultural commodities in the interests of the producer. Special sub-committees would investigate, for instance, means for reducing the handling and marketing costs of coconuts and copra, for promoting a local industry in the production of coconut oil co-operatively by the growers; a citrus sub-committee would attend to the promotion of a grape-fruit marketing organisation, and so on.

Meanwhile, although the figures given to Professor Clark Powell regarding the present and prospective production of grape-fruit in the island appear to have been exaggerated, there is no reason why the half-dozen growers whose production has reached a commercial scale should wait upon the reorganisation of the Fruit Growers' Association. Nor need they wait until production reaches a point to justify an issue of share capital and capital expenditure, for instance, for building and equipping a packing house, which today might cost more than the whole value of a season's output. Membership contracts, in any case, rather than share holding, are the essential basis of marketing organisation. A joint guarantee of members for a bank overdraft would secure the small amount of credit needed for operating expenses. A Government grant or loan should not be necessary and, in my opinion, would be undesirable. An association brand or brands for strictly maintained grades should be adopted from the beginning. All shipments should be pooled and sold in association lots, not in growers' lots. Growers' final *pro rata* share of proceeds should be reckoned either on a monthly or seasonal pool basis, not on separate shipments. One-third of the American citrus pools work on a seasonal basis, one-quarter on a monthly schedule, and one-quarter on longer periods. Until good practice has been established on these lines, and while the turnover is so small, the grading, packing, shipping, and selling could be conveniently en-

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trusted to an experienced shipper as temporary manager, remunerated on a percentage basis; but, as advised in similar circumstances in St. Lucia, members and manager should from the beginning observe and cultivate that relationship and get away from that of growers and commission agent, the manager being responsible to the association or its executive committee and not to individual members. Later, as quantity increases, a salaried manager should be employed, possibly in conjunction with a lime and lime products association, which, however, should be a separate entity. The two associations could make use of the same packing house, the harvest seasons of the two fruits being consecutive.

There is a small export of green limes which could more profitably (to the grower) be undertaken co-operatively; but in view of the very variable values of this fruit and its products, it would be desirable in the first instance to consider the matter in connection with the two or three small lime-juice and oil factories operating in the Colony. The factories should be secured to the local growers, each by a separate (co-operative) factory organisation; these local associations should then federate for marketing purposes.

### *Tobago.*

The mountainous little island of Tobago (114 square miles; population 23,390) in 1862 had as many as 65 sugar factories, still had 38 in 1896, and suffered proportionately in the distress of that period. Its agricultural exports fell to nearly £10,000; they have risen now to something well over £200,000. Its main crops are cocoa (£150,000) and coconuts (£28,000). There are now only about 400 acres in sugar cane, while cocoa and coconuts claim 18,000 and 10,000 acres respectively. More than half the total agricultural production of the island is by peasant cultivation, and

considerably more than half the cocoa is produced by the small proprietor. The remarkable increase in production which has taken place in the last ten years must in very large part, then, be attributed to the special attention which has been paid to peasant farming by the Trinidad Department of Agriculture, through its Tobago representative, to whom must be given the credit of establishing better economic foundations of peasant agriculture than are to be found anywhere else in the West Indies.

Owing to the hilly character of the country, the peasantry are divided into thirteen fairly distinct districts, each with its own more or less developed village centre. Beginning in 1917, and progressing with due caution, co-operative credit societies have been established in each of these thirteen districts, the thirteenth having registered this year (1929). Only one of them has been in serious difficulty, and that was due to a deliberate conspiracy to defraud. Both as a credit system and as a means of reaching the peasant proprietor with technical instruction, the Agricultural Department regards these societies as invaluable. Moreover, the experience gained by the peasants in conducting them has made possible a successful development of peasant enterprise which should be of interest to all Colonies where cocoa is grown by small cultivators, especially in the Gold Coast. On the initiative of the Department and a Tobago member of the Cocoa Planters' Association, the Association agreed to extend full privileges of membership to any co-operative association of peasants producing a suitable variety and quality of cocoa. There was some discussion about asking Government to give financial assistance for establishing co-operative fermentaries; this, however, with their credit societies behind them, the Tobago peasants did not find necessary. The possibility of extending the scope of the credit societies themselves to include the establishment and operation of fermentaries, in the same way in which retail societies at home have established their

own factories, was also considered and wisely avoided. The first fermentary was organised by constituting a separate society whose members, being also members of the local credit society, had no difficulty in subscribing £10 each, thus raising a sufficient capital for building and equipment. This will be the model for as many societies as the distribution of peasant cocoa production requires. The first shipments of cocoa from the pioneer fermentary have been well up to the high certificate standard of the Association. It is estimated that the reduction of costs of curing and marketing, and the increase of quality and price thus obtained, will effect a net gain of something over two dollars per bag. There are other peasant crops to which co-operative organisation might well be applied—for instance, the fruit and vegetable shipments to Port of Spain, coconuts and copra, and the curing and marketing of tobacco. The few estate owners in the island might find it to their own advantage to join with the peasants in commodity marketing, as in Jamaica planter and peasant combine for banana marketing.

With this good start in co-operative practice, Tobago may well become an agricultural business model for the rest of the West Indies and a pioneer in the social consequences of co-operation. Complete co-operative organisation of all exports would also be a most helpful factor in solving the island's rather pressing problem of communication with its markets. There need be no hesitation in adopting this objective. Co-operation is instinctive in the native population of this and several of the other islands, as illustrated by a practice which is no doubt inherited from Africa. It was customary, until a few years ago, for the peasants of a district to band themselves together for joint labour on their properties, one after another in regular sequence, on one day a week.

*Grenada.*

In Grenada (120 square miles and a population of 60,000) peasant cultivation has developed further than in any other of the islands. One reason for this is that when the sugar collapse came, cocoa had already been more firmly established here than elsewhere, and mainly on peasant properties, the planters of that day being too proud to grow anything but sugar. The Land Tax roll of 1928 shows that there are 14,815 holdings of less than 10 acres; 343 of from 11 to 50 acres; 53 of from 51 to 100 acres; 141 from 101 to 1,000; and only one person holding over 1,000 acres. There are also possibly as many as 6,000 tenant gardeners or holders of allotments of from 1 to 3 acres in size. Under a Government land settlement scheme, holdings can be obtained by twelve annual payments of one-twelfth of the value of the land. A group settlement scheme, under which 321 peasants have been placed on 830 acres purchased by the Government, has been less successful, in spite of the fact that 290 of the allottees have paid in full for their holdings. I visited one of these settlements and found it in a deplorable condition. It was in a valley where the soil is poor, the rainfall is low, and there is no water available for domestic purposes. The settlers perforce live in a village at some distance. They subsist by taking occasional lots of vegetables into St. George's, ten miles away. When I asked them whether they ever combined to work on their properties, to get their produce to market, or to mend their badly neglected roads, I was told that any combination among them would be illegal. This, however, was the one dark spot on the otherwise bright picture of peasant agriculture which Grenada presents. Elsewhere I visited peasant properties whose cultivation and housing showed an already high and still rising standard of living. A recent study made of the cost of living showed the average total consumption for a family

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was about £60, and revealed also the significant fact that expenditure for recreation, education, and health shows a very decided increase as total expenditure increases.

The main crops of Grenada are cocoa (£305,640) and nutmegs and mace (£162,589). Although the cocoa grown is of an inferior variety to that of Trinidad, there is still an opportunity for the peasant to obtain a much better return through better handling and marketing; it is prepared in small and uneven lots and finds its way to market through several intermediaries. Before carrying this suggestion any further, however, it would be necessary to make a closer investigation of credit conditions among the peasants who, although in many ways advanced beyond those of neighbouring islands, appear to be dependent to a very large extent upon the extension of credit by traders, in which circumstances the raising of capital for any co-operative enterprise is difficult. There are no credit societies, and it might be found desirable to postpone any other co-operative enterprise until the peasantry could, by this means, reach a position of greater financial freedom. When the success of the Tobago co-operative fermentaries becomes known throughout the islands, however, it is questionable whether it will be possible to restrain peasant cultivators elsewhere from undertaking similar ventures—a matter which should be carefully watched, as hasty attempts to apply co-operative principles to agricultural business not only lead to disillusionment but lend themselves too readily to other dangers.

With the formation of the Grenada Spice Association in May, 1928, an endeavour was made to apply co-operative principles on a modified scale to a class of produce that lends itself particularly well to co-operative experiment. The Association would welcome expert advice in the extension of its activities. If properly guided, the Association should prove of great benefit to the peasantry, among whom nutmeg is still regarded as a lazy man's crop. But

here again the question of credit arises, as in some districts nutmeg has almost the standing of currency. Better knowledge in the handling of other spices—cloves, for instance—would be another useful result of extended co-operation.

*Carriacou.*—In the island of Carriacou, one of the Grenadines and a dependency of Grenada, the land settlement scheme of the Government has had more success than in the Colony itself. It owes the greater part of its population to the scheme, under which 1,844 acres have been brought into cultivation. Marie Galante cotton is the main crop, but some limes are also grown, and even on this elongated stepping-stone, with an extreme length of 8 miles, there are as many as three lime factories and eight privately owned cotton ginneries. The quality of the cotton is said to be degenerating. For the sake of quality as well as economy, a co-operative association with a central ginnery is to be desired.

### *St. Vincent.*

With an area of 133 square miles, St. Vincent has a population of about 50,000. Unlike its smaller but wealthier neighbour, it lacks the advantage of any such specialised main crops as cocoa and spices. Its own special product is arrowroot, of which the export value last year was £53,309; cotton also is a favourite peasant crop, though it shows a steady decrease of acreage since 1926, owing to various causes—from 7,456 to 1,594 acres cultivated by 1,733 peasants. Other produce brings the Colony's exports up to about £150,000.

Following the strong recommendations of the Royal Commission of 1897, a land settlement scheme was undertaken. Five estates were acquired, comprising something over 5,000 acres, but the movement does not seem to have gone very far, as at present there are only 4,300 cultivators of holdings under 10 acres,



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compared with 14,815 in Grenada, and 237 of 10 to 50 acres (Grenada, 343). In 1911 a Report on Settlement noted "the need of a spirit of closer union and co-operation amongst allottees." A cotton purchase scheme, but not on co-operative lines, had been started a year before, at which time also the first co-operative credit society was established. Several arrowroot mills, worked by the peasants themselves, are also mentioned. The present Arrowroot Growers' Association limits its co-operative activities to the collection of an export tax of 6d. a barrel as contribution to its advertising campaign. All the members ship their produce separately; the great variety of quality of the produce, depending upon the water used in its preparation as well as upon conditions of cultivation, makes pooling difficult; but there is a pressing demand for joint marketing among the members. Production could be increased and would increase if a satisfactory system of marketing could be established.

The bright side of the history of credit societies in St. Vincent is that when they were started the prevailing rate of interest charged by the St. Vincent Credit and Loans Bank, a private company, was 24 per cent., and that it is now limited to 12 per cent. The Bank controls part of the cotton export under agreements signed by the peasants dealing with it. The prices they receive compare unfavourably with those which they can get through the Government cotton ginnery to be referred to later. Of the 21 credit societies (1,147 members) still in existence, it appears that only one is active, although as recently as 1926 the loans recorded as made in that year were £1,586, and repayments of £1,460. The total loans since registration (the societies date from between 1913 and 1917) is given as £35,328. It is stated that they could be wound up today with a total loss of £300, and this is the course recommended by the Department of Agriculture, which has its hands full with technical developments,

particularly the selection and propagation of pure strains of cotton. The situation, however, does not seem to warrant this, as it is clear that for some years the Department has not been able to give the societies sufficient attention. With the kind of supervision which such societies receive elsewhere, their utility could be revived. This, however, would entail more time than the Department can give to the matter, as well as special knowledge of the subject, and assistance from any competent authority would be welcome.

Provisions made by the Government for the purchase of cotton and corn from the peasants include a Government ginnery and warehouse, admirably equipped and operated under single management—in every way a model enterprise. It pays £300 a year to the Colonial Treasury and has its own reserve and depreciation fund of £2,500. It purchases only from peasant cultivators; after deducting 5 per cent. for overhead charges, including Government revenue and reserve fund, the net profit is distributed as a *pro rata* bonus, last year amounting to £2,000. Fair arrangements are also made for the return of seed or its retention by the ginnery for manufacture into oil, meal, and soap, all of which processes are conducted in a most efficient and economical manner. The arrangements for the purchase, shelling, kiln-drying, and storing of corn are also adequate and equitable. The only criticism that can be made of this institution is that, while it is obviously beneficial to them, it does not in any way help the peasants to help themselves; they have no rights or responsibilities in its control, the committee appointed by the Administration consisting entirely of officials and planters. The distance at which they live, rather than the intelligence and capacity of the peasants, is given as the reason for this.

Such difficulties as these, however, should not be allowed to stand in the way of giving its full educational value to this successful piece of public business by the evolution of some more

democratic system of control, whether socialist or co-operative. It seems to be time that Government should decide which policy it intends to pursue. With the example of the State ginnery before them, the cultivators are naturally pressing the Government to build and operate a central arrowroot factory to be conducted on the same paternal lines. Unless the Government is prepared to do all the agricultural business of its spoiled children, it should at once consider the steps necessary for gradually transforming the ginnery and the cotton and corn marketing business connected with it into responsible co-operative organisations.

### *St. Lucia.*

Agriculturally and as a marketing station, St. Lucia is one of the most interesting of the islands, as it is also pre-eminently so scenically and historically. Its deep-water harbour, the only one in the islands in which ocean steamers can go alongside the wharves, gave it high strategic importance in the days of colonial expansion and through later generations made the island an important coaling station; Castries Harbour may yet have a leading rôle to play in the marketing development of these Colonies. For lack of any intercolonial service, it is not at present a practical proposition to make it a collecting station for overseas shipment of agricultural produce; but that is a possibility which has been canvassed and should be kept in mind in promoting marketing organisation whenever this reaches the point at which federal co-ordination comes into the picture.

With a population of 56,000 and an area of 232 square miles, including many fertile but uncultivated valleys, St. Lucia has an absurdly low *per capita* export of agricultural produce, varying in the last few years between £3 and £4 per annum. The coal business still holds an unduly large proportion of casual

labour in the capital. This may account partly for lack of agricultural development. Until quite recently agriculture seems to have been of secondary interest to the island's administrators. Credit societies were started about the same time as those in St. Vincent, but were neglected and rapidly fell into decay; about which time a departmental report states that "usury is still rampant." A Government lime factory, after stimulating production from 12,000 barrels in its first year (1914) to 60,000 barrels, was then handed over to private enterprise. The Agricultural Experimental Station, in a remote and otherwise unsuitable part of the island, was perhaps just as well forgotten. Since 1927, however, a complete change has taken place in the policy of the administration. The old experimental station has been abandoned and a new one established in a favourable location, within easy reach of the capital. Uncultivated land has been converted in a year into nursery gardens in which I saw 100,000 coffee plants ready for distribution, limes being grafted on several thousand plants of sour orange stock, hundreds of grafted mangoes, a plantation of pawpaws in bearing, pine-apples, selected grapefruit, and other plants for which there appeared to have been created already a very active demand. The Agricultural Department has been relieved from the task of trying to collect instalments from members of the moribund credit societies, a duty which puts its officers in quite a wrong relationship with the peasants. The question of continuing or winding up the societies has been referred to the Colonial Treasury. Their debt to the banks is considerably heavier than that of the St. Vincent societies, and may possibly put them beyond revival. Peasant credit is certainly required, however, and may be the key to other projects in the island, as in Tobago; but it may prove equally desirable to start afresh rather than attempt to retrieve the indifference and neglect of past years. Outside assistance, either for revival

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or a new start, would be particularly welcome here because many years of dunning by officials has given the peasant an impression that if an official tries to get a meeting of members it is only an attempt of the Government to get more money out of him.

Under the new régime, instead of trying the short cut to an extension of marketing by Government purchase, steps have been taken to encourage co-operative initiative among the growers themselves. A fruit growers' association has been formed for co-operative packing and marketing, experimentally working through a local commission agent as manager. At present a considerable amount of fruit is exported in the most primitive manner, being bought on the tree by "higglers," who dump all their mixed purchases into barrels to be taken over in schooners to Barbados. Both islands will benefit from a more orderly system of inter-colonial trading toward which the formation of the St. Lucia association is the first step. Lime oil is another commodity whose producers are ready to market co-operatively. Co-operative fermentaries for peasant-grown cocoa should be promoted in districts where sufficient supplies are grown to warrant a capital expenditure of, say, £150 on building and equipment. How capital is to be found must depend upon the final decision regarding credit societies; in any case, it is desirable that peasants should be enabled to become investors in their own fermentaries. It would be a mistake to assume that the credit societies fell into disuse because the St. Lucian peasant is not amenable to the discipline of co-operation. He is, I should judge by various observations, even more so than in some of the other islands, and St. Lucia is fortunate in having among its priests (the population is Catholic) several of French origin who are invaluable allies for rural progress. Through their influence St. Lucia has not only retained the primitive practice of co-operative labour, but has systematised it through its friendly societies. The instinct of

co-operation is there and needs only technical guidance to make agriculture the great expanding industry for which the island has been endowed by nature.

*Dominica.*

Dominica, the largest island of the group (291 square miles), is the least developed agriculturally. Its population is about 41,000, or 141 per square mile, as compared with 500 in Grenada and nearly 1,000 in Barbados. The island is mountainous and has a very limited road system. Its exports have been reduced to something between £3 and £4 per head, mainly owing to the disease of withertip, which has caused the abandonment of many lime plantations. There are considerable areas in sheltered valleys where grape-fruit and other fruits could be grown. Good land is available at as low a price as 10s. per acre, but until recently there has been no settlement scheme. A limited scheme is now being adopted in connection with agricultural instruction. An estate has been acquired at a convenient distance from the capital; part of it is to be used as a Government experimental fruit farm, and the rest will be divided into 20-acre lots, to be assigned to student-workers on the estate and cleared and planted by them while still employed on it. The island is already well served in the provision of suitable fruit trees and other plants by the present experiment station and nursery gardens of the Department of Agriculture.

Agricultural credit is supplied through a Loan Board, established in 1926 to meet the mortgage requirements of the larger estates, but the need of extending its operations to the smaller cultivator is recognised. The difficulties of communication in the island are a handicap to the formation of credit societies or, indeed, to any kind of co-operation in the scattered communities. That the latter respond to capable and sympathetic leadership



has, however, been shown in at least one instance, where an Englishwoman has drawn together a group of families, mainly engaged in growing vegetables, in an isolated district 1,500 feet above sea-level, greatly to their material and social benefit.

To encourage and improve peasant cultivation, a Peasants' Information Bureau and Produce Exchange was started in 1926 under the Loan Board, with an experienced planter in charge. The Bureau provides seeds, manure, and other requirements at cost price; it purchases fruit and vegetables, paying an advance of a fixed amount and distributing a bonus from any balance that may accrue from its marketing transactions half-yearly. Produce which is not up to standard for shipment is sold on the local market. Unquestionably, the Bureau has been a great boon and encouragement to the small cultivator; it has also acquired valuable information and experience in the export of fruit and vegetables overseas. Those who are responsible for it are, however, already feeling some concern about its future development. They have taken the first step toward promoting the organisation of a vegetable growers' association; this would relieve the Bureau of some of its trading obligations, which, they anticipate, might in future become embarrassing. But they are finding the same difficulties which officials usually meet in trying to organise voluntary association, particularly wherever Government itself is already doing the work to the satisfaction of those concerned. Here, as in St. Vincent, it is desirable that a development policy for peasant agricultural business should be made clear, and that some assistance should be given in the promotion of self-help organisations upon which a sound policy would be based. The administration would welcome such assistance, and is anxious to obtain also co-ordination of production and marketing of West Indian produce overseas.

*Antigua.*

Antigua has an area of 108 square miles and a population of about 30,000. Its exports stand comparatively high, owing almost entirely to the successful operation of a Central Sugar Factory. In other respects its agriculture is in a deplorable condition. This may in part be due to the destruction and discouragement caused by hurricanes, but cannot be entirely attributed to natural causes. Agricultural development has fallen into neglect. Little has been done in recent years, as in the other islands, to promote better peasant cultivation or to supply them with better seeds and plants. Antigua, for instance, of all the islands, stands most in need of a far-sighted forestry policy; areas of desert vegetation are increasing, and other districts are losing their agricultural value for lack of reafforestation; but the Department's opinion has not been accepted. Land settlement has not been supported by any development policy. I inspected one of the "settlements" which I was informed was the most successful, consisting of 122 allotments at Clare Hall. It had the appearance of a wilderness.

There is, however, one bright spot in this truly derelict island. The Antigua Central Sugar Factory has been the agent in the development of an instructive example of peasant co-operation. The factory itself is in some ways unique. It started under the advice of Sir Francis Watts as a profit-sharing institution, the producers holding an interest in it and receiving a half share of profits. It still operates on a profit-sharing basis and is one of the few sugar factories in the islands which in these days are being run at a profit. For some years its policy has also been to encourage peasant cane-farming and to show the peasants how they can co-operate in harvesting and handling their crops. An association of peasants was formed in 1926 comprising about

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100 members, subscribing 10s. each. Credit was provided for the purchase of a motor-lorry, for which the Association has now completed repayment; a second lorry is being bought in the same way. The Association is treated by the factory on the same terms as the estates—that is, the peasants cut and deliver their cane as an Association and receive the same initial price for it as the estates, and at the end of the year they are paid a bonus on the same basis of profit-sharing. In 1927 the Association received a bonus of £434 for distribution among its members. In 1928 the bonus was £584. After the hurricane of 1928 the Association was able to obtain credit for the distribution of loans to its members to make good the damage done. The Association has also occasionally undertaken the co-operative selling of pineapples for its members in the local market. It is a self-governing body, the chairman and board of directors being elected by the members.

There is also a measure of co-operation in the ginning and marketing of cotton. The scheme, which is of voluntary origin and has proved a benefit to the growers, is of the paternal rather than of the self-help type. The organisation is run by a mixed body of growers, shareholders of the ginnery and merchants who purchase the cotton. The factory buys cotton only from growers who are members of the Association and pays them a bonus out of profits. The local price of cotton has improved since the formation of the Association. It also provides short-time credit for the peasants at 5 per cent. for planting and reaping. As in the case of Government enterprise on similar lines, it is desirable that those who, mainly for philanthropic reasons, have made themselves responsible for the scheme, should devise some means of using it to develop self-help and self-government among the peasants who benefit by it.

The Department here, as in the other islands of this Federation, has made some experimental shipments of vegetables to Canada.

Two estate owners have grown tomatoes and cucumbers under Government guarantee, the produce being shipped to Canada at Government risk.

*Montserrat.*

Cotton and limes are the main crops of Montserrat, which has a population of about 12,000 and an area of 32 square miles. About half the cultivated land is in peasant proprietorship; the standard of cultivation varies considerably, according to the local influence of the factories upon which the peasants are dependent for their market. One factory in particular has seen the advantage of encouraging better cultivation and takes a paternal interest in the economic welfare of the growers of its raw material. It puts a limit of 6 per cent. profit on the capital engaged in purchasing cotton from the peasants. Wages on its own estates are based on produce market prices and not on the local labour market; it pays a bonus to its workers out of any surplus at the end of the year. It has also fostered land settlement on a scheme of easy instalments for holdings up to three acres which can be used not only for produce in which it is interested but for mixed farming. The price it pays for limes is based upon their value to it as raw material and not on the local market price, which for some years has been consistently very much lower than prices paid by the factory. It works in close agreement with and gives its active support to the Agricultural Department of the island. With such evidence of goodwill in the island it should be comparatively easy to start an educational movement for co-operation among the peasants in Montserrat.

*St. Kitts and Nevis.*

St. Kitts and Nevis, with an area of 115 square miles, have maintained a higher rate of export in proportion to their population (about 36,000) than any of the other islands. This may be

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due to their peculiar situation in the West Indian labour market as a recruiting point for employers in Porto Rico, San Domingo, Curaçao and other foreign islands, which has forced employers to make efforts to retain their best labour. It is the practice for schooners to come and take off as many as a hundred men at a time through promises of higher wages elsewhere, and this continues in spite of special legislation against canvassing for emigrants. As there are comparatively few peasant cultivators in St. Kitts, production has been dependent upon a standard of wages which can compete with this foreign demand. Piecework is general and appears to be graded to an average earning capacity of about 25s. per week, a high rate for these islands. The rate is regulated by the Planters' Association, its variation being based upon the actual prices of produce being received. Labourers can also generally obtain half an acre of good ground-provision land and a plot for building, for a nominal payment of one penny per month. Another factor in the economy of the island is that St. Kitts has a single central sugar factory, which was started on the partial co-operative plan, similar to that of Antigua. Sugar is still the main crop, but grown in rotation with cotton, which alone has made the continuation of cane-growing economically possible. On Nevis the main crop is cotton, grown mostly by peasant cultivators, among whom has also been established a considerable stock farms industry.

### *Barbados.*

Barbados is unique among the islands in its density of population and its dependence upon one crop. It has a population of something over 160,000 on an area of 166 square miles, nearly all of which that is fertile is under cultivation, with sugar cane as the main crop, occasionally rotated with food or fodder crops. It is

thus at the mercy of the world sugar market, and is at present in one of its recurrent crises, owing to the steady decline of prices.

Barbados was politically a pioneer among the Colonies, its representative institutions dating from 1627; but today it is the least progressive among them. Its constitution secures it a large measure of independence; the power and responsibilities of its Governor are practically those of the King at home; but its limited franchise preserves the ascendancy of a small section of the community. This "plantocracy" is now allied and in some cases identical with trading interests, a point which is important in estimating the severity of the crisis through which the island is passing.

Even more serious than the prejudice against co-operation is that which has so far prevailed in Barbados against the establishment of a peasantry. The planters, and not only those allied with the merchants, are proud of a plantocracy which, no longer occupational, still has its racial significance. Their policy has been and still is to preserve Barbados from the tide of peasant proprietorship which is overwhelming the other islands. Yet the same process which has let in these enriching flood waters elsewhere has begun in Barbados; estates have come into the market and have been subdivided for sale. But division has been in such small lots that those who settle on them cannot possibly support themselves by their cultivation. The theory is that in this way the labour market remains undisturbed; in practice it is producing an undesirable class, neither peasant nor labourer, and a surplus population which is rapidly becoming a dangerous element in the economic and political life of the Colony. In the other islands the coloured population has a stable nucleus with a stake in the country; in Barbados there is no such nucleus. The populace, cheerful and loyal as it may seem, is coming under the influ-

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ence of the political agitator, aided as he is by the coincidence of the economic and colour lines. Part of the urgency with which Barbadians plead their cause for Imperial aid is due to the grave consequences which some of their own most careful observers foresee unless a return of prosperity comes to relieve the tension of surplus population.

Barbados is urgently in need, then, of two remedies for its peculiarly critical situation, which are in its power to apply. Economy in production and marketing can be effected by co-operation among the planters. Political stability can be secured by peasant settlement. If the latter should bring with it a diversification of agriculture, this would also be of great benefit to the island. But there are many examples—in Trinidad, for example, and still better in Antigua—of successful cane-farming by peasants, if cane must continue to be the main crop. It is therefore suggested that the Government should take advantage of the first suitable estate or contiguous estates that come into the market—they will not be lacking under present conditions—and should purchase land and a factory for a bold experiment. A minimum economic family holding should be determined, the land divided accordingly, and allotment made to experienced applicants on easy terms of payment to cover the outlay on the land. The actual value of the factory should be determined separately, to be covered by additional annual payments by the settlers. These payments should be credited to them as share capital in the factory and provision made that it should become eventually their property, incorporated under co-operative articles of association. Other needs of a peasant settlement requiring organisation should also be foreseen, and suitable encouragement given for developing them co-operatively in the thorough manner of the Demerara settlement scheme. As no economic study of the agricultural situation has been made and no qualified officer is attached to the

Department for such purposes, the Colony would require assistance in the preparation and initiation of a development programme.

*Conclusions.*

Agriculture in the Lesser Antilles is far behind the present standard of technical knowledge, but it is equally far ahead of the capacity of business channels to get the produce to market, owing to the lack of primary organisation of the producers. The two things run together. Production would be greatly increased—probably doubled—if the technical knowledge at present available were applied to existing peasant cultivation through their own business association.

The demand for British goods may be expected to increase even if the exports of the islands continue to be diverted to the United States and elsewhere; there is a strong desire to increase exports to Great Britain, but in the present unorganised state of the export business it is not worth giving attention to the problem of transportation. Although the islands produce enough to fill many more than the number of vessels recently put into service under the Canadian-West Indian Trade Agreement, produce does not reach the shipping points to make sufficient use of the space of those steamers, which will eventually have to be diverted to other service if the situation is not improved.

A higher standard of living, without which these islands can be of little interest to British industry, is being adopted by the peasant wherever he has security of tenure and adequate returns for his production; but he is handicapped by not knowing how to prepare his produce or how to reach his market. It is nobody's business to consider these matters, or how to develop at one and the same time the economic and social standard of the native populations. Yet the age of the planter is passing, and the future of the islands depends upon peasant agriculture.



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The West Indian peasants have an instinct for working together co-operatively on their properties; they respond to suggestion and leadership and have shown several instances of their capacity for working together also in modern forms of co-operative business organisation. There is no doubt that with proper guidance they will take the same road to better farming and better living which other peasantry are taking.

Government enterprise may be desirable for experimental shipments of produce, and can get better returns for the peasant than he is getting at present; but it cannot supply him with the incentive to become a responsible member of the community, without which he does not aspire to a higher standard of living. An island may have even sensational prosperity, as in Martinique today, without raising the standard of peasant life.

Government credit banks and Government marketing have much the same effect upon him as charity; it is only when he begins to take responsibility in the management of money advanced by Government or a bank that such advances cease to be anything more than alms; only when he begins to handle his produce and market it co-operatively does he pass from the stage of barter to commerce.

These are views of the situation with which nearly all agricultural and other officials in the islands will be in agreement. Many of them are trying to initiate the kind of educational business movement which would be necessary to make the agriculturists more self-reliant as well as better cultivators, but in doing so they are handicapped by the fact of their official positions, and the tendency of a people used to paternal government to assume that something is going to be done for them unless, on the other hand, they think that it is only an attempt to get something from them. What is required is the presence among them of persons who should be as far removed as possible from

either of these implications, who would be able to talk to them about the business of their lives in a simple and understandable manner, but with a background of thorough knowledge of co-operative experience elsewhere, and prepared to take expert advantage of the opportunities which present themselves for every form of rural business organisation appropriate to the varied circumstances of the different islands. It is estimated that two properly qualified men working in the islands, with such facilities as were afforded to me during my tour, would be able to institute a sound system of organisation in a period of two years. They would also be, in effect, liaison officers for whatever co-ordination of marketing might become possible during that period. While such envoys might be described as organisers, it would have to be impressed upon them, however, that the success of their mission would not be measured by the number of societies organised. They should travel separately through the islands, spending two or three weeks in each, and should not be expected to do any organising at all until they had been over the whole territory and exchanged views upon the different situations observed. In many cases they would not appear as organisers at all, but as helpers and critics of local initiative in organisation.

The most desirable authority would be constituted by an extension to the whole territory of a representative association similar to that into which it has been suggested the Fruit Growers' Association might be converted for the promotion of better business in Trinidad; but the establishment of similar local associations or committees for each island should come first and would best come during the progress and as a part of the results of the work recommended. At the end of the suggested period a union of local associations, with which would be affiliated also the trading organisations, might be established to carry on the work.

But the work itself should not in any case be postponed for the formation of an intermediary or directing body. It should be undertaken at once with the support of the Empire Marketing Board, and preferably by a voluntary body, such as the Horace Plunkett Foundation, which has the necessary knowledge and facilities for the preparation of those who would be entrusted with the field work. It would be desirable also to co-ordinate it with any action taken for the same ends by the Canadian Government, through the Canadian National Steamships, whose management has already expressed an interest in this preliminary survey.

## II.—JAMAICA

Behind every great co-operative achievement lies a story that is too romantic for official report or the pages of a year book; whatever these may tell, it is always by the faith and ambition and patience of individuals, and through a great clash of purposes, that such things are accomplished. When it is a story that unrolls under tropical skies, of men facing great odds and doing what has appeared impossible, of men of all human colours forgetting their differences in a common purpose, of ships and the purchase of ships and the power of shipowners to control the destiny of an island, of native revolt under white leadership, and the setting up of a new economic régime, it cries for the pen of a Conrad. Somebody will one day write the story of the co-operative revolt of Jamaica, with an appropriate romantic atmosphere, of which I had only glimpses in the course of a month of thirty public meetings and many private business conferences in all parts of the island. In this account of the movement there will not even be glimpses, but only the bare facts of a thing that is nevertheless extremely human.

Considered, then, geographically, Jamaica is far removed from the other British islands of the West Indies; commercially, the distance is increased by the scarcity of direct communication. There is no direct economic link between them, now that the possibility of developing any of the eastern islands as an alternative source of supply of bananas seems to be out of the question. Even if bananas could be grown on a commercial scale in St. Lucia or Grenada, for example, the distance which separates them from Jamaica would be a serious handicap. With the exception of this question of an alternative banana supply, which it will be seen is a serious one, Jamaica is an entirely separate and independent unit in colonial development. The island has an area of 4,450 square miles and, with its small dependencies, a population approaching one million. Its agricultural exports are about five million pounds. Bananas are today by far the largest item, more than the total value of all other produce, which includes sugar products (in which, however, it has a larger acreage than either Barbados or Trinidad), coffee, coconuts, ginger, cocoa, pimento, and citrus fruits. The annual export of bananas is now about twenty million stems; in 1926 it was 18,301,410 stems, valued at £2,072,155. In 1927 the number of stems exported rose to 21,151,881, but fell again in 1928. Panama disease is being kept fairly well in check by better cultivation and the isolation of infected areas, but the discovery of an immune commercial variety would be a great relief to the industry. Another anxiety, for which there is no remedy, is the recurrence of "blows," comparatively mild hurricanes which, however, are fatal to the lightly rooted banana.

Bananas are grown on company plantations, planters' estates, and peasant properties or leaseholds. The plantations of the United Fruit Company comprise most of the irrigable land suitable for banana-growing and are models of efficiency, although

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the cost of production in recent years must have frequently been far above the price at which the companies were buying in the open market. The planters' estates vary from 50 to 600 acres; the peasant properties average from 3 to 4 acres and are situated sometimes as high as 2,500 feet above sea-level, covering the hillsides and valleys without a break in some districts and in others only in small patches. The quality of the fruit produced in these mountain valleys is excellent, although in regularity of size the stems do not equal that of the irrigated plantations. Peasant cultivation is improving under a greater incentive to production and care of handling.

The shipping and marketing of bananas was, until recently, practically a monopoly of the United Fruit Company, established by virtue of its efficiency, its controls of shipping, its large capital resources, and its command of alternative sources of supply. Another American corporation, the Atlantic Fruit Company, also owns estates and buys fruit in the island, but there is reason to suppose that its operations are not unrelated with those of the United Fruit Company. The monopoly was recognised by the British Government as long ago as 1899, when a subsidy was granted for the establishment of a direct line of ships to make it possible for Jamaica planters to sell their fruit in the Home Country. Owing to lack of prevision on the part of those responsible for the conduct of the line, no adequate arrangements were made for a supply of fruit; they were obliged to turn to the United Fruit Company to maintain supplies, "who thereby secured control of the British line," through Messrs. Elders and Fyffes. Although continuing to call at Kingston, the ships of this line and others controlled by the United Fruit Company supplied the British market with but a small quantity of bananas from Jamaica, the bulk of their supplies being drawn from Central America, while Jamaica bananas (a better variety) were sold in the United States. Efforts made

by the planters to utilise British shipping space available from Jamaica to New Orleans in 1919 were defeated; the United Fruit Company subsequently took over the space which the American shipping authorities had condemned. A combination of the planters for joint local sale was boycotted by the United Fruit Company. Occasionally trading companies would venture into the banana districts as purchasers, and for a time growers would receive higher prices; then the intruding purchaser, finding he could not follow the United Fruit Company's prices, withdrew, and prices would again fall to their prevailing low level. Since the war, the average price paid to the grower by the Company, whose great profits admittedly are derived more from marketing fruit than from growing their own, has been sometimes as low as 1s. 3d. a bunch; rarely (in 1923, when there was temporary competition and a shortage in Central America) it has reached 3s. 6d. a bunch; the prevailing average has been 1s. 9d. a bunch. When an effort was made about ten years ago to establish co-operative marketing, the Company made a large number of five-year contracts at 1s. 9d., the planters with whom they contracted fearing that if they were not protected by a contract their fruit would be left on their hands.

In 1926 the situation was reviewed in a Report of the Imperial Economic Committee.\* In the same year a grant of £1,200 for two years was made by the Empire Marketing Board, to the Jamaica Producers' Association, a popular organisation which was voicing the dissatisfaction of the agriculturists of Jamaica, especially the small fruit growers, and their ambition, as well as that of the larger planters, to relieve themselves from monopoly. The grant was made on the recommendation of the Imperial Economic Committee that some assistance should be given to them in order

\* The relevant paragraphs from the Report of the Imperial Economic Committee are given at the end of this article.

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to enable them to organise for the sale of their produce. The Producers' Association had been constituted to undertake general trading in the produce of the island; on the suggestion of the Horace Plunkett Foundation it agreed, under the terms of the grant, not to do this, but to promote independent commodity marketing organisations. The interests of large and small growers were reconciled and a banana-marketing contract, supported by special protective legislation, was signed by more than 7,000 growers, with an estimated annual supply of about eight million stems of bananas; the signatories constituted the membership of the first commodity organisation, the Jamaica Banana Producers' Association.

The Jamaica Government supported the Banana Association by guaranteeing its debentures to the extent of £200,000 to enable it to establish a Direct Fruit Line to "remain independent of the existing monopoly," and a marketing company in connection therewith, without which there would have been no outlet for their produce to Great Britain and Europe.

Many difficulties (and not only financial) had to be overcome before vessels convertible to the fruit trade could be acquired; a mysterious opposition made itself felt. Nor was the available capital sufficient for the purchase of a fleet large enough to establish a regular service. There were two other serious obstacles in the way of the enterprise. One was the lack of alternative supplies in case of a shortage in Jamaica through disease or any other catastrophe; the other was that, although provision could be made for marketing the fruit in Great Britain and Europe (a necessary safety-valve for the London market) and in Canada, access to the United States market was not available, nor shipping to serve it. At one time it had been hoped that plantations of bananas in other British islands or in Demerara might be linked with the Jamaica scheme, but when it came to the point, the only

opportunity that offered for fulfilling all the conditions of success—alternative supplies, adequate shipping, and an opening in the American market—was a working agreement with the Di Giorgio Fruit Corporation, sole survivor of the competitors with the United Fruit Company. Equal amounts were invested by the Producers' Association and the Di Giorgio Corporation in the Direct Fruit Line.\* The Corporation and the Association also share equally the appointment of directors of the Line and the allotment of shipping space, the Corporation assuming liability for the shipping space of the Association in case of a shortage of fruit in Jamaica, having supplies available elsewhere. The Corporation is responsible for the shipping and marketing of Association fruit in the United States at fixed charges for payment of the minimum Association price to contractors (2s. per bunch) and for handling and transportation, profits being divided on the basis of 40 per cent. to the Company and 60 per cent. to the Association.

Marketing arrangements in Canada were greatly facilitated by the sympathetic action of the Canadian Government. Until this year all bananas imported into Canada came through the United

\* The following details were published in Jamaica in reply to criticisms of this partnership. The United Fruit Company was incorporated in 1899 by the amalgamation of a number of fruit-growing companies, trading companies, and selling organisations. In 1901 the Di Giorgio Importing and Steamship Company (Maryland) was formed; in 1905 it was one of five companies amalgamated for the incorporation of the Atlantic Fruit Company (with Di Giorgio as President), one of them being a limited co-operative association of certain planters in Jamaica with which the United Fruit Company had refused to have any dealings. In the same year the United acquired a controlling interest in the Atlantic, which was repurchased by Di Giorgio in 1910. In 1914 Di Giorgio withdrew from the Atlantic Fruit Company. There was no further competition until 1919, when the Di Giorgio Company, the Bluefields Fruit and Steamship Company, and the Jamaica Fruit and Shipping Company entered the field. The Di Giorgio Fruit Corporation was formed in 1923.—K. W.



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States; to encourage direct shipments the Canadian Government imposed a protective tariff and further agreed to reserve for the Association all the space suitable for banana shipments in the vessels of the new Canadian National Steamship Line. The fruit is marketed in Canada by a Company formed at the instance of the Association, in which the latter is represented; the name and goodwill of this Company is the property of the Association; it is now selling directly imported Jamaica bananas throughout the whole length of Canada.

The Association fruit is sold in Great Britain and on the Continent exclusively by the Jamaica Banana Producers' Marketing Company, owned and controlled by the Association. The Marketing Company does not make any profits, but returns to the Association the full proceeds of sales, less only salaries and actual working expenses. The Company also sells its own and Di Giorgio fruit on the Continent.

Thus Jamaica bananas reach the wholesaler in Great Britain direct from the producer and without possibility of any profit-making intervention.

From its inception the Banana Producers' Association has had to face every kind of opposition to be expected from a financially superior force. For instance, on the eve of its operating, the estates of the largest planter in the island were sold to the United Fruit Company, thus terminating discussions as to the possibility of his throwing in his lot with the Association. The Company's agents had canvassed the island for contracts at prices fabulously high compared with what the growers had been receiving during years while competition was stifled. The growers, however, peasants as well as planters, showed that they were at last convinced of the weakness of their position under a monopoly, and comparatively few of them were tempted by higher contract prices; they recalled the sequence of events whenever competing

buyers had come into their district for a time; they realised that no permanent benefits could be secured to the growers unless the new competition was itself made permanent. The backing of the Government encouraged them to believe that this was now possible. The peasants responded enthusiastically to the invitation to come into the Association on the same terms as the planters; equality of marketing opportunity and the absence of any colour line had an excellent effect upon the population, the latter being an aspect of the movement which has an importance outside the scope of this article. The process of organisation brought to the front in every district people who hitherto had taken no interest in public affairs; for the first time men (and a few women) of every race and creed in the Colony are working together for a common purpose in which they believe—and not without some reason—the economic and political future of Jamaica depends, as well as their own personal welfare.

The main work of the leaders of the movement, and on which they are now actively engaged, is to group the members of the organisation into local units which will enable proper contacts to be preserved between the management and each individual member.

Generally it is proposed that the main functions of such units will be:

- (a) To appoint delegates to attend general meetings of the Association;
- (b) To arrange for transport of the produce of members to the several receiving stations;
- (c) To increase the membership of the Association and to ensure the loyal performance of contracts;
- (d) To do all that is possible to improve the cultivation of the land and the quality of the produce.

The creation and satisfactory working of these units will afford a practical demonstration of co-operative action, and will

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be the cement which welds together the members of the Association in furtherance of a common object.

The enterprise at present rests upon the contract between its members and the Association, which runs for seven years with option of renewal for a further three years by the Association, provided that members have received during the whole period a minimum price of 2s. 6d. per bunch. The sum of 2s. is paid to the contractors on delivery of their fruit; further interim payments are made within one month and three months after shipment, and a final payment at the end of the year. It was a striking sight to see the peasants, so little removed in time from the degradation of slavery, obedient now to a new discipline, willingly handing over their fruit and receiving their 2s. advance while their neighbours were taking the 4s. offered by the United Fruit Company.

So far, cases of contract breaking have been extremely few. The legal advisers of the Association have been at pains to find a clear case on which to test the protective virtues of the Marketing Act; they have had great difficulty in finding one without mitigating circumstances of misunderstanding due to family interests, joint ownership, or other complications. The law provides penalties for the purchaser as well as the vendor of contracted fruit; the U.F.C. has declared that the law will not be broken by them, and has safeguarded itself by adopting more distant relations with its agents. The co-operative leaders, however, know that security of organisation depends firstly upon loyalty and only secondly upon law enforcement.

At first there was talk of a "price war" at both ends. The open market price of fruit in Jamaica rose from below 2s. to as high as 4s., and in some cases even higher; the wholesale price in Great Britain dropped from £25 to £18 10s. per ton. Only in limited areas in the North of England was the retail price affected.

The fall of wholesale prices was much greater than was warranted by the additional supplies which the Jamaica Producers brought into the market. The latter, however, adopted the policy of following the Elders and Fyffes price, and after several weeks a normal level of prices was resumed. In Jamaica meanwhile competition continues. The Fruit Companies continue to pay higher prices to the growers than they had ever known before, and more than the Association is likely to be able to pay out on the final reckoning for the first year's operations, although this is likely to be something over three shillings. A steady influx of new contracting members is reported by the Association.

There are several other commodities which could be dealt with co-operatively to the benefit of the Colony. One or two small primary societies have been started on local initiative, and the Jamaica Producers' Association is taking steps to make good its promise of promoting organisations suitable to each commodity, and is now at work on citrus fruits and dairy produce. Much of the strength of the J.P.A., however, has naturally been absorbed in giving birth to the Banana Association. The parent Association is being reconstructed, we are glad to hear at the time of writing, as an organisation society on the Irish model. This should do away with the confusion which exists in many minds regarding these two associations, the parent and its first child, and help to secure for the former the support it requires if it is to play the same important rôle in the development of Jamaica as that of the I.A.O.S. in Ireland.

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### APPENDIX

EXTRACTS FROM REPORT OF THE IMPERIAL ECONOMIC COMMITTEE ON  
MARKETING AND PREPARING FOR MARKET OF FOODSTUFFS PRODUCED  
IN THE OVERSEAS PARTS OF THE EMPIRE, DATED MARCH 31, 1926  
(CMD. 2658).

*Page 9: (1) Introduction.*

1. Under our Terms of Reference we have been asked to consider the possibility of improving the methods of preparing for market and marketing within the United Kingdom the food products of the Overseas parts of the Empire with a view to increasing the consumption of such products in the United Kingdom in preference to imports from foreign countries.

*Page 36: XVII. Organisation in the Colonies and Protectorates.*

98. We have so far dealt with the importance of producers' organisations in the Dominions. They are no less important in the Colonies and Protectorates. Indeed, in some ways they are there more urgently required. Standards of cultivation are much lower and the system of marketing less organised. The educative effect on individual producers of co-operative marketing through an association is likely to be at least as great in the Colonies and Protectorates as elsewhere. Necessarily, however, such organisations in the Colonies and Protectorates must, in view of the special conditions prevailing there, embrace merchants as well as producers.

99. Particularly from the shipping point of view is it desirable that associations should be formed in the Colonies and Protectorates to negotiate collectively with the shipping lines. As the result of the Report of the Imperial Shipping Committee on East African Shipping Services such an association has been formed at Mombasa to negotiate with the shipping companies serving that port. In the case of fruit, where regularity of shipping service is of the utmost importance, no trade can ever be built up without the certainty, on the one hand, of regular facilities for shipment at short intervals, and the guarantee, on the other, that regular and adequate freight will be forthcoming.

100. We would in this connection draw particular attention to the recommendations contained in our separate Report on Bananas to the effect that assistance should be given in the formation of associations of banana producers and shippers in the Colonies and Protectorates. These recommendations are equally applicable in principle to the production and marketing of other tropical and sub-tropical fruits. We propose, therefore, that the Executive Commission should, in the case of the Colonies and

Protectorates, make financial grants to assist in the formation of associations of producers and shippers of the different varieties of fruit grown by them. We have indicated in our separate Report on Bananas the purposes and the scale of the expenditure which we contemplate. We would add that in our view such grants should be for a limited term of years only, as we hope to see such organisations ultimately supported by the trade itself once they have been firmly established.

*Page 45: XX. Bananas.*

129. The main need of the Jamaican producer is an alternative means of access to the United Kingdom market. But no shipping service can subsist on the export of bananas from Jamaica alone without an undue commercial risk. The climatic conditions of Jamaica, and indeed those of a large part of the West Indian area, are such that a very considerable part of the crop may be swept away by one of those hurricanes which visit these otherwise favoured islands. Hurricanes may occur in two or three years in succession, or a generation may pass without a catastrophe. It was, we understand, the destruction wrought by hurricanes in Jamaica which contributed in no small measure to the elimination of British control from the shipping service inaugurated in 1900 by the late Sir Alfred Jones under the inspiration of Mr. Joseph Chamberlain.

130. The history of the only shipping service which now serves Jamaica and the United Kingdom with refrigerated accommodation is, in this connection, instructive. The United Fruit Company began with a trade in bananas from Jamaica to the United States. It then developed complementary sources of supply—first in Cuba and afterwards on the Central American mainland. Its plantations in Cuba were a failure. The British service to which we have referred in the previous paragraph was started under a contract entered into with His Majesty's Government in 1900, but when the hurricane of 1903 came Sir Alfred Jones was obliged to turn to the United Fruit Company to maintain his supplies to the United Kingdom. This opportunity was seized by the United Fruit Company, who thereby secured control of the British line. It subsequently obtained its supplies mainly from its Central American estates, Jamaica becoming a supplementary source of supply only.

131. There is no monopoly in the transport of bananas from Jamaica to the United States, inasmuch as that trade can be conducted without refrigeration. There is a strong feeling in the island that there should be available for the export of bananas to the United Kingdom similar freedom to ship by a line independent of the marketing interests, but, in our opinion,

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the risk of hurricanes must be constantly borne in mind, and a service for the carriage of Jamaican fruit alone would not rest on a sound economic basis unless a complementary source of supply could be secured.

### *Page 47.*

135. It will be seen that the development of banana cultivation within the Empire presents a number of separate but interdependent problems. They are not merely those relating to the establishment of new shipping services. The supply to the Home Country of bananas grown within the Empire must be treated as a single undertaking from the point of production to that of retail sale—otherwise, we are convinced, any scheme will break down. There must be an adequate supply to warrant a shipping service; that service itself must remain independent of the existing monopoly; and the sale of the fruit in the United Kingdom must be secured. In other words, there must be a guarantee of supply, a guarantee of independent shipping, and a guarantee of a market.

### *Page 250 : XII. The Importance of a "Free" Shipping Service from Jamaica to the United Kingdom.*

34. Nevertheless, Jamaican growers not unnaturally complain that there is no "free" service between Jamaica and the United Kingdom. As we have already mentioned, Messrs. Elders and Fyffes, the owners of the only refrigerated line serving the island and the Home Country, are themselves buyers of the fruit and control its marketing in the United Kingdom. While this line performs a very useful function in supplying a passenger and mail service, it is undoubtedly unsatisfactory to the growers that the only shipping line should be owned by interests who are themselves buyers of the fruit.

35. Such an arrangement, in our opinion, has a restraining effect on trade. It operates to the detriment of the producer in that he is unable to ship his fruit to the best market, and no less to the disadvantage of the United Kingdom consumer in that it places the whole supply under the control of one organisation whose main interest is in another market.

### *Page 251 : XIII. The Necessity of a Complementary Source of Supply.*

36. We have given very careful consideration to the desirability and possibility of establishing a new shipping service under British control for the marketing of Jamaican fruit in the United Kingdom. The people of Jamaica are desirous of such an arrangement, and it would, in our opinion, also be to the benefit of the British consumer. There are, however, con-

siderable difficulties. As already stated, a direct service between Jamaica and the United Kingdom was established by Sir Alfred Jones in 1900, and met with disaster largely because it was solely dependent upon Jamaica for its banana supplies. Were a new British shipping line established, subsisting upon Jamaica alone for its fruit, the same circumstances might recur.

37. For a shipping line carrying bananas from the West Indies to the United Kingdom to be on a sound basis it is essential that it should not be dependent upon a single island for its fruit, particularly where that island lies in the hurricane zone. And it must not be forgotten that while Panama disease, with which we deal later, has so far not made the same progress in Jamaica as it has made on the Central American mainland, it is impossible to predict future developments, particularly if the banana plantations should be subjected to a series of unusually wet seasons. A complementary source of supply, such as is assured to the United Fruit Company from Central America and Colombia, is an essential condition to success.

### III.—BRITISH GUIANA

In a choice between spending three days or two weeks in British Guiana, I was obliged, by the limited time at my disposal for a tour of the West Indies, to take the week-end visit. Excursions into the mountainous interior of the Colony are matters of days if not weeks, but I saw something of the chief aspects of the agricultural plains and, arriving at a moment full of interest, was able to plunge at once into the rising tide of colonial reconstruction, a refreshing plunge after considerable patches of desert. I had of course read the illuminating Report of the British Guiana Commission (Cmd. 2841) which marked the beginning of a new régime; also the Report on the Development of Agriculture by Mr. Sampson of Kew Gardens (E.M.B. 4). In particular, Mr. Sampson's chapter on Agricultural Population had been a valuable introduction to the fundamental problem of the Colony. I was also fortunate in having assigned to me as



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a most informative and hospitable guide, Mr. G. L. Beckles-Gall, than whom I suppose there is no man knows more about the native and immigrant life of the Colony. Nor could anyone more expeditiously have put me in touch with its recently arrived Governor and genius, Sir Gordon Guggisberg, who in five minutes gives one an impression that he is the Milner of a New School of colonial development, and in five hours confirms it; with Professor Dash, a Director of Agriculture of like calibre; and with other officials and residents.

Two short excursions gave a vivid impression of the agricultural territory of the Colony. We had come into the mouth of the Demerara River through a sea that looked like land to a land that looked like sea; so thick is the muddy water all the way from Trinidad, that the great rivers seem to be trying to reclaim for the continent the hilltops of the Lesser Antilles that once belonged to it; so low-lying and overrun with water is the great alluvial plain behind its dykes, that one feels the continent needs lifting again as well as spreading to make any reclamation permanent. We landed on wharves that from seaward seemed to have little if any land behind them, though they are the heart of Georgetown itself, a sprawling city with a great concentration of activity on the contiguous streets, a smell of sugar filling the air with the very essence of Demerara. Many types and mixtures of Negro, East Indian, and Asiatic people thronged these streets; only an occasional long-haired and calm-eyed native Indian. The residential district is a place of avenues, lush gardens, and airy bungalows on stilts. But when you leave the city (south along the coastal road or west along the Demerara River) the houses thin out to scattered East Indian settlements, groups of primitive shelters along the banks of the canals, including often a Hindu temple pathetic in its effort to retain in corrugated iron fading memories of the East. Yet these remnants and descen-

dants of indentured labour are in some places making a noble effort to re-establish their own civilisation in this alien land. They have an instinct for the reconstitution of their traditional village life; and this is one of the hopeful elements in the situation. Though nothing but a demand for cheap labour brought them here, they have shown a real capacity for colonisation; moreover, they brought with them the seeds of destiny in their habit of eating and their aptitude for growing rice. The great alluvial plain of the Colony has the possibility of becoming the largest and most convenient area for rice-growing in all the Atlantic countries; its future depends upon being able to attract a population which is capable of exploiting this opportunity.

But one sees that sugar has been the wealth of the Colony and is still its chief economic concern, as one passes beyond the suburban settlements to the great plain of mud intersected by a system of canals with tidal sluice gates at intervals along the coast and river bank. Mud it is and nothing more as far as the eye can see along miles of the coastal road, for either the sea has seeped in again where the old Dutch defences have been neglected, or for other causes the land has been abandoned. It is a scene of desolation but for the distant chimneys of sugar mills, which may or may not indicate more prosperous territory. Around some of them we saw great banked and irrigated fields thick with cane between their muddy "ditches." Floods, you can easily believe, are a recurrent anxiety and danger; it is less easy to credit the stories of suffering from drought which one hears in almost equal number. The whole plain, possibly as much as four million acres of it, appears to be as dependent upon irrigation as Egypt, and upon drainage as any marshland. It is not surprising that as the world price of sugar fell the Colony began to feel the pinch of these extra costs of production. Meanwhile, without any of the political nursing which sugar needed to keep its proud

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plantations going, and in spite of the opposition of the plantocracy, rice has fought its humble way up to an acreage which now equals that of sugar, and to an importance in the future of the Colony which, as is happening elsewhere from other causes, has made the peasant problem overshadow that of the planter. As an export, rice is far behind sugar; it is still only a surplus, not a standardised industrial export. But its impetus of progress is indicated by the fact that the Colony imported about 20,000 tons of rice from 1884 to 1888, while in 1927 it exported 11,000 tons. A visit to the experiment station and laboratories of the Department of Agriculture revealed something of the long and patient labour which has already gone to determining the variety and strain of rice best suited for cultivation and commerce. I was shown many home-bred varieties, and particularly one which it is believed combines all the possible and necessary qualities; it was already being tested on an extensive scale; the scientists were ready for the Governor's Memorandum.

In another department also they were ready for that 14-pointed Charter of Progress. Proper credit is as necessary as the right seed, for the development of a solid peasantry, and the knowledge of how to make credit available without either begging or pauperising the peasants. Since 1914, when the first of twenty-seven co-operative credit banks was established, a lot of experience has been accumulated under that heading. The total paid-up capital at the end of last year was £80,000; loans amounting to about £40,000 had been taken by shareholders during the past twelve months. Through drought and floods, means have been forthcoming for these peasant banks to stand by their members, and there has been at least a beginning of the courage and discipline required for members to stand by the banks. Properties have crumbled away under taxation and other adversities, and have been bought in by the local bank and

gradually nursed back to life and restored ownership. Once or twice secretaries have given a society a lesson in corporate responsibility by absconding. Many mistakes have been made; but, under the paternal care of a Director of Co-operative Societies who does not flinch at being "Chairman of seven Banks owing to the difficulty of securing the services of residents," while at the same time acting as Colonial Treasurer, not only has the sound financial position of the Banks been ascertained by 180 audits in the past year, but an army of local and headquarters staff officers has been trained and drilled in readiness for a Governor who will know how to employ them, or at least a skeleton formation of the veritable army which will have to deal with co-operative finance as a basis of peasant development when the vision of the Governor's Memorandum begins to unfold itself in fact.

I should like to reproduce here the whole of that unique document, embodying as it does a philosophy as well as a programme, but there is not even space for the Fourteen Principles which are "to be observed in drawing up schemes"; nor can I relate the absorbing discussion of it into which I was so genially drawn, as I believe are all possible contributors to the detail of its many schemes. Its scope may, however, be indicated.

The agricultural population of the Colony is roughly 100,000, giving a "density" of about one per square mile, or for the coastal area alone only about ten per square mile. There is a shortage of labour as well as land awaiting settlers. But immigration schemes for colonisation by land settlement and those for supplementing the labour supply, the Memorandum lays down, must be kept entirely independent of each other. Immigrant labourers are not to be indentured, but to be free to come and go; nor are they to be debarred from acquiring land of their own. The main difficulties to be overcome by labour immigration schemes are the lack of cheap passages and decent accommodation

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tutelage that there would seem to be real cause for anxiety. The larger financial provisions will not be required until the present experimental stage of the scheme justifies its extension to immigration; it will not then be so much a matter of obtaining a loan as of inviting investment in a going and profitable concern. But the soundness of the whole business, depending as it does upon the regularity of payment of his small instalments by the peasant, turns really upon his attitude toward the scheme and toward those who are promoting it. Obviously this will be largely determined by the treatment he receives from them, from the Government. Experience elsewhere shows that if everything is done for him he is likely to make very little effort in return. Now, whatever may be said of our system of colonial administration, it is demonstrable that whenever the policy is benevolent to the native, the practice inclines to be too benevolent, impatient for results. In other words, briefly, socialism is easier than co-operation; it is easier for the State to do things for people (especially in colonial circumstances) than to get people to do things for themselves. In principle, nobody is more clearly aware of this than Sir Gordon Guggisberg himself. He states it in general terms as the Eighth Principle in his Memorandum: "Immigrants under the Colonisation Scheme are not to be pauperised, and everything possible must be done to enable them to retain their self-respect." But it is in the application of this principle to the building up the new village life that his lieutenants will be getting down to the root of the matter, to the psychological problem upon which the whole ambitious scheme will turn. In the first stages they will be constantly faced by necessary compromises between paternalistic socialism and responsible co-operation. Fortunately, those who are in charge of the scheme are not without experience in facing precisely this angle of the problem as it presents itself in the development of

the co-operative movement in Ceylon. There is no doubt which way the Memorandum points in its definition of the kind of population which British Guiana wants—"a skilled and self-respecting population, and all that those words mean in the way of a practical education, comprising the formation of character, technical training, and general education, in the order of importance given." The Government will have to do a great deal for the settlers at the beginning; how soon they can learn to help themselves as a new community depends, of course, upon "formation of character." But this also will be very largely influenced by the character of the economic machinery upon which the new community starts its life.

The development of the scheme will be watched with unusual interest by all who are in any way concerned with native land settlement, economic problems of peasant cultivation, or the improvement of village life. The success of the scheme will not only be a demonstration to India that British Guiana is a fit place for her surplus population, but will be a model for statesmanship wherever British colonial administration is benevolent but uncertain. Nowhere has a native policy been so clearly stated, with so much knowledge of the difficulties and opportunities inherent in dealing with people of a different civilisation, with such attention to the immediate detail and such patience in allowance of time for all the necessary intermediary stages. It deserves to succeed; and as to the driving force that will make it succeed, that is indicated, in italics, in the concluding paragraphs of the Memorandum: "All Heads of Departments will understand that work on the Colonisation Scheme takes precedence in order of urgency over any other Government work."

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large number of local markets would reduce the costs of marketing and would secure to the farmer the competition of buyers in numbers sufficient to prevent the formation of a "ring." If the credit obligations of the farmer are such as to prevent him from sending to more central markets, it might yet be an advantage to organise an intelligence service by which farmers would have in advance some idea of probable supplies in the local market on any given day, and of probable requirements in the more central markets to which they know that the bulk of their animals is consigned.

It would appear that a complete change in practice must eventually be made in livestock marketing. Under present conditions of rapid and regular transport and of perfect cold-storage facilities, there is no necessity for stock to leave the producing area alive and to travel to the consuming market to be slaughtered. It is true that the costs of conveying live animals are at present no higher than are the costs of conveying carcasses, but carcase transport would certainly be much cheaper if a real demand for it existed. Under present conditions, again, the offals of butchering are handled with great expense and waste owing to the small number of animals slaughtered by each butcher. Were a greater bulk of animals concentrated for slaughter in the producing district, a much greater advantage could be made of the offals. Farmers should bear in mind that the demand for their fat stock is more than twice as great as the home supply, and that they are not faced with the absence of a market, which might be the excuse for sending fat stock alive to its ultimate destination, owing to the extreme perishability of meat. The simple use of the telephone between the farmers' slaughtering society and the wholesale butcher or consumers' co-operative in a large town would enable the manager of the farmers' society to have carcasses available according to the known requirements of his customers.

By retaining his stock on the farm until a market is secured for it the risks of the present system would be overcome. Ultimately it is the farmer who pays the various market charges and commission charges that now obtain.

### *Corn.*

No recent change has taken place in corn marketing, except in so far as corn prices to the English farmer have been somewhat stabilised by the influence of the Canadian Wheat Pool in the English market. Owing to its nature corn can be sold by sample, and the bulk therefore can remain on the farm at negligible expense pending the securing of the most satisfactory market. Corn, again, is not perishable, and this also strengthens the farmers' position. There is no evidence that corn dealers charge an excessive commission. In relation to imports the home production of corn is so small that an attempt to pool the home supply and, by the control of the home supply, to secure higher prices, could not possibly be successful. The economic forces that are bringing about a continuous decrease in corn production in England are such that no amount of co-operative organisation for marketing by the farmer, even if it were practicable, would, in itself, avail to make corn-growing appreciably more profitable.

### *Potatoes.*

Production of potatoes in England is, on the average, a little less than equal to the demand. Owing to the high cost of transport potatoes are grown everywhere in the country to the extent of local demand, while three areas of intensive cultivation are devoted to supplying the industrial midlands and London. Apart from these areas sale takes place usually by the grower directly to the retailer. It is not probable that co-operative organisation would be of any great advantage with regard to these general



self-sufficing and scattered areas. With regard, however, to the three specialist districts situated in Cheshire and South Lancashire, in Yorkshire, and in the Lincolnshire Fens, where producer and consumer must come into contact through the medium of one or more middlemen and where production is very intensive, co-operative organisation would be an advantage, especially with a view to preventing the glutting of markets and the collapse of prices which occur whenever production is unusually large. The seasonal variations in production, even when the crop area remains constant, are extreme, while consumption shows very little variation in relation to price. The object of co-operative organisation by potato growers would not be so much in the direction of changing marketing methods as of controlling the incidence of potatoes on the market and the total amount sold. It would be necessary, under existing conditions, for the Societies to keep a certain proportion of the crop off the market in years of excessive production. Owing to the absence in England of any means of utilising potatoes, apart from human consumption, the bulk of the surplus would necessarily be wasted. To be effective, therefore, co-operative organisation would have to include practically all growers in these specialist districts. Even so, it would be difficult to stabilise prices by withholding supplies from the market, and it would appear that the organised growers would require to provide themselves with equipment for the manufacture of starch or alcohol, even though these enterprises might themselves be run at a loss. Experience in other countries has shown that the destruction of a part of a harvest is almost impossible, even when this policy is in the interests of the growers, and even when, failing the destruction of a part of the crop, growers incur heavy losses. A succession of two succeeding high yields with prices falling to a nominal amount, has not been sufficient, at the present time, to lead to any concerted action on the part of the growers.

*Sugar Beet.*

Sale of sugar beet by the grower to the factory has been direct and on clear contract terms since the establishment of the industry in this country. Prices are arrived at by negotiation between representatives of the growers and of the manufacturers, and have in practice been paid by the manufacturers in every case where the grower's acreage has been contracted for, and where the contract has been accepted by the factory. The grower's interests are safeguarded at each factory by the presence of a representative of the National Farmers' Union. Under existing conditions, in which factories are the property of private companies, no change in marketing methods appears to be required. And until the stability of the industry has been tested under free-trade conditions, it is certainly not advisable for the farmers to embark upon co-operative sugar manufacture.

*Hops.*

English Hop Growers Ltd., which took over the Government machinery of war-time control, has, during the past two years, met with certain difficulties incidental to the attempt of the Association to put on the market only that quantity of hops which was required for manufacture. The Society has been unfortunate in experiencing a series of large yields which have necessitated the destruction of a part of the harvest. Those few growers who have remained outside the Association have meanwhile been able to sell their whole output at the reasonably remunerative prices which members of the Association received for a portion only of their output. At the same time the mere existence of the Association and the satisfactory prices secured by it have led to an extension of production. No alternative use can be made of hops, and so destruction remains the only practicable policy. By the spring of 1929 the Society was still in existence, and the

recalcitrant majority had grown from 10 to 20 per cent. owing to the general unfavourable conditions of the hop trade—over-production and foreign competition. Details are lacking, but it would appear that the stocks on the Society's hands had become alarmingly large. This (1929) is the last harvest for which contracts remain in force; the Society is in voluntary liquidation. As some 90 per cent. of hop growers were members of the Association, it would appear to be a case where compulsory adhesion to the Association by all growers might have been justified. The failure of the Society will throw hop marketing back again into a state of individual competition, in which, when the yield is high, prices will fall to nominal levels.

### *Fruit and Vegetables.*

Apart from the apple and pear crop, fruit and vegetable growing hardly comes into the general farm economy. The production of fruit, vegetables, and flowers is rapidly increasing as a small-holding industry. The growers tend to concentrate in certain clearly marked districts, and have in all cases organised co-operative societies either for sale of their produce by auction in the producing area or, in addition, for manufacture of surplus production into jam, etc. Some societies also make their own crates and packing-cases. It is probable that a good deal of the recent expansion of the fruit and vegetable industry has been due to the existence of a sound co-operative organisation which has provided the growers with an assured market and price, and has saved them from the uncertainty and expense which previously prevailed when each grower consigned his produce individually to a central consuming market for sale on commission, where frequently no demand whatever existed for the produce.

F. J. PREWETT.

## II.—THE MILK SITUATION

The question of milk prices in England and Wales has long been a sore one. Dairy farmers have never been satisfied with the prices they receive for their milk, and consumers complain that they pay exorbitantly in comparison. The distributive trade, undoubtedly a profitable one, maintains that the processing of liquid milk and the problem of disposing of surplus milk during the glut period prevent them from paying the farmer more or charging less to the consumer. However true this may be, there is no doubt that lack of organisation among dairy farmers and the perishable nature of their commodity have been used as weapons against them.

In certain areas one finds a number of farmers who undertake the retailing of their own milk in an attempt to obtain a fair return, but the special conditions that make this possible are too limited to offer any real solution, and the majority of dairy farmers have had to rely on individual bargaining with the retail trade. As well as the disadvantage to the farmer of individual bargaining, there is no doubt that the cutthroat competition that it involves is a cause of instability in the whole milk trade and a disadvantage to many retailers.

It is not surprising, therefore, that the farmers' organisations, the National Farmers' Union, and the National Dairymen's Federation, should have concluded that if they could institute a system of collective bargaining, prices might be fixed for the whole country and price-cutting eventually eliminated. This theory was put into practice in 1922 through the medium of a Permanent Joint Milk Committee composed of the N.F.U. on behalf of the producers and the National Dairymen's Federation for the distributive trade. At the same time, in order to make collective bargaining effective, the N.F.U. issued a Memorandum to all

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County Branches on the organisation of milk producers "to provide a uniform system of working in the branches throughout England and Wales for the promotion and the defence of the interests of dairy farmers." The scheme involved the preparation in each county of a register of milk producers of both members and non-members of the Union. The register was to show the number of cows kept by each producer, approximate weekly output winter and summer, the buyer or buyers supplied in each case, alternative means available of utilising milk produced, and other particulars which might be required for purposes of organisation. The Memorandum also stressed the importance of every County Branch being prepared with a policy for action in the event of a breakdown in the negotiations of the Permanent Joint Milk Committee.

Each year since the beginning of collective bargaining the deliberations of the P.J.M.C. have proved more difficult, and in 1928 a deadlock in the negotiations was reached. It appeared for several weeks that there would be a breakdown which would put the arrangements provided for in the N.F.U. Memorandum to the test. The N.F.U., however, won the day, ultimately, through a sympathetic Press and public opinion, which might not have been so sympathetic had it realised that the concession made by the distributive trade was to be largely shouldered by the consumer in the form of higher prices.

In spite of the agreements reached by the Permanent Joint Milk Committee and the efforts of the County Branches of the N.F.U. under the Memorandum referred to above to unite the dairy farmers, collective bargaining has not worked out in practice. Undercutting has continued, and there is no doubt that the majority of farmers have accepted prices for part of their milk, at least, below those fixed by the Committee. During the negotiations for the 1928-29 contracts, the Milk and Dairy Produce

Committee of the N.F.U. brought forward a scheme that had been under consideration for some time, which was to prevent undercutting in the distributive trade. Sir William Price also submitted a set of proposals, and as soon as the "milk war" was over the Permanent Joint Milk Committee settled down to consider the two sets of proposals. After the most painstaking deliberations a National Scheme was finally hammered out, which was printed in the *N.F.U. Record* of July.

The advantages offered by the National Scheme were:

(1) To the producers. A guaranteed market for milk under the terms and conditions laid down in the scheme.

(2) To distributors. Freedom from undercutting.

The farmer was to be free to make his contract with his buyer as at present, and would be paid a flat rate for all milk supplied under the contract. Farmers unable to find a buyer at scheme terms were to be advised by the Permanent Joint Milk Committee of a distributor or creamery that would take their milk at scheme prices.

Contracts as under the old scheme were to provide for the sale and purchase of—

(a) The whole dairy.

(b) Supplies on a minimum and maximum basis.

Under the latter arrangement the farmer would tell his buyer his estimated output, and would be allowed a 20 per cent. margin either side.

For the purpose of compensating manufacturers who might sustain a loss on conversion of "surplus" milk during the summer months, the Committee proposed establishing a Permanent Joint Milk Fund, both farmers and distributors to contribute  $\frac{1}{4}$ d. per gallon to this fund for every gallon of milk sold and bought during October, November, December, and January. To increase the sale of milk, a portion of this fund was to be devoted to publicity.

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Producer distributors were to benefit by the stabilised conditions created by the new scheme, and would be asked to contribute in the same way—*i.e.*, by paying 1d. per gallon produced and sold by them. All contracts under the new scheme would be registered, and all creameries operating the scheme would have to be approved and registered by the Committee.

The prices under the new scheme were to be as follows:

					<i>Farmers. Per Gallon.</i>	<i>Retail. Per Quart.</i>
1929.					s. d.	
October	..	..	..	..	1 4	7d.
November	..	..	..	..	1 5	7d.
December	..	..	..	..	1 5	7d.
1930.						
January	..	..	..	..	1 5	7d.
February	..	..	..	..	1 4	7d.
March	..	..	..	..	1 4	7d.
April	..				0	6d.
May	..				0	6d.
June	..				0	6d.
July	..				0	6d.
August	.				0	6d.
September					4	7d.

In the opinion of the Joint Committee the only alternative to close collaboration between producers and distributors along these lines would be "a return to individual bargaining, which would mean ruin to both, and could not fail to result in cutthroat competition and ruthless undercutting."

At the same time that the producers and retailers have been working out the problem in this way, the co-operative consumers' movement has been seriously considering the whole question of milk distribution. The volume of milk handled by the co-operative movement is about 10 per cent. of the total liquid

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milk trade in England and Wales, and it has been recognised for some time by the movement that the field of milk distribution has been comparatively neglected. Uncertainty inside the movement as to the best method to increase the volume handled has been partly responsible for the lack of a concrete policy. The C.W.S. is anxious to take control of the whole of the co-operative milk supply, but those large societies which have built up a successful milk retailing business on their own have been naturally jealous of their initiative. There was a big step forward, however, at the Torquay Congress this year towards a united policy, when a resolution was passed to the effect that the Central Board should set up a National Co-operative Milk Committee, to consider the milk problem of the movement and to approach the National Co-operative Milk Retailers' Federation with a view to discussing with that body the desirability of transferring to the Co-operative Union the functions now performed by the Federation. The National Committee was accordingly constituted with representatives of the C.W.S., the Co-operative Union, the Joint Committee of the London Co-operative Societies and the National Co-operative Milk Retailers' Federation. Perhaps those responsible for this resolution at Congress anticipated the scheme put forward by the Permanent Joint Milk Committee; in any case, it was inevitable that the National Co-operative Milk Committee should take some action when it was seen that the scheme included the fixing of retail prices without any representation of the consumer on the Committee. The Co-operative Committee refused to accept the proposed scheme; a Conference was subsequently called at Birmingham to enable all those concerned with the milk trade in the co-operative movement to express their views on the action taken by their Committee. The resolution before the meeting was:



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That this Conference convened by the National Co-operative Milk Committee, and representative of the interests of the whole of the Co-operative Movement in the milk industry in England and Wales, supports the action of the Special Co-operative Milk Committee in rejecting the National Scheme for the Sale and Purchase of Milk as drawn up by the Permanent Joint Milk Committee.

This Conference authorises the Special Co-operative Milk Committee to conduct negotiations on milk prices with the producers on behalf of the Co-operative Movement and, further, to undertake the task of preparing an alternative National Milk Scheme on Co-operative lines, acceptable to the Co-operative Movement.

There was a certain amount of discussion with regard to the second half of the resolution, for a reason that has already been referred to, that those societies which have been in the habit of conducting their own milk business were reluctant to hand it over to any central body not familiar with the conditions of their particular districts. This discussion necessitated the resolution being divided. The first half rejecting the scheme put forward by the Permanent Joint Milk Committee was passed unanimously, and the second half by a large majority after it had been explained from the platform that a scheme for district price settlements was under consideration by the Committee, but could not be put into operation for the immediate contracting period which demanded urgency methods.

As a result of this resolution, the National Co-operative Milk Committee approached the N.F.U., who, however, declined negotiations on the ground that they could not negotiate for a 10 per cent. settlement which the co-operative movement represented. They agreed to give their support, however, for ample co-operative representation on the Permanent Joint Milk Committee, and to withdraw the fixing of retail prices and the subscription to a National Pool. The result was that the representa-

tives of the co-operative organisations on the National Co-operative Milk Committee were appointed to the Permanent Joint Milk Committee.

The agreement on milk prices eventually reached was virtually the one submitted by the co-operative representatives. Milk will be sold and bought in three classes for the current contracting period. The first class will allow for a 10 per cent. variation each way from the quantity declared in the contract, the second a 20 per cent. variation, and the third a 50 per cent. variation. The difference between the agreement arrived at and that submitted by the National Co-operative Milk Committee is that the Permanent Joint Milk Committee has conceded a 1d. more to the farmers in the first and second classes on the whole year and limited the margin in the third class to 50 per cent., whereas the co-operative scheme was for the whole dairy irrespective of quantity. The monthly prices for the contract year 1929-30, commencing October 1, will therefore be as follows:

			CLASS 1.	CLASS 2.	CLASS 3.
			<i>Ten per Cent.</i>	<i>Twenty per Cent.</i>	<i>Fifty per Cent.</i>
			<i>Variation.</i>	<i>Variation.</i>	<i>Variation.</i>
			<i>Price per Gallon.</i>	<i>Price</i>	<i>Price</i>
				<i>per Gallon.</i>	<i>per Gallon.</i>
			s. d.	s. d.	s. d.
October	..	..	1 4	4	4
November	..	..	1 5	4	4
December	..	..	5	5	5
January	..	..	5	5	4
February	..	..	5	4	4
March..	..	..	4	4	0
April ..	..	..	0	0	0
May ..	..	..	0	0	11½
June ..	..	..	0	0	11½
July ..	..	..	0	0	1 0
August	..	..	0	1 0	1 0
September	..	..	1 4	1 4	1 4
			<hr/>	<hr/>	<hr/>
			14 8	14 6	14 3

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A meeting was subsequently called by the National Co-operative Milk Committee to submit a Report on their negotiations in the Permanent Joint Milk Committee. The resolution before the meeting was:

That this Conference approves the action of the Special Co-operative Milk Committee in appointing representatives of the Co-operative Movement on the Permanent Joint Milk Committee.

And further, this Conference approves of the terms of settlement for the milk prices for the year 1929-30 and urges all Co-operative Societies to make the settlement the basis of their milk contracts for the coming year.

The resolution passed at the previous meeting had instructed the National Co-operative Milk Committee to deal with the N.F.U., but had not authorised them to become members of the Permanent Joint Milk Committee; this was a subject of some dissension. A more serious difficulty raised during the meeting was that some societies had been able to make contracts on more favourable terms than those agreed by the Permanent Joint Milk Committee. The National Co-operative Milk Committee, however, while again expressing approval of the desirability of district settlements in the future, maintained that, in view of the urgency of having some agreement for 1929-30 contract period, it was impossible to bring into force the more elaborate scheme of area settlements for that period. This was supported eventually by a large majority.

It will be realised that little progress has been made towards the elimination of price-cutting, and there is no doubt that, as in former years, the contract prices agreed on will exist more in name than in practice. There is no doubt, however, that renewed efforts will be made by all concerned before the next contracting period to arrive at some satisfactory solution. The N.F.U., in

their summing up of this year's negotiations, declare that "the co-operative movement did not kill the scheme" put forward by the Permanent Joint Milk Committee. They put the blame on the ineffective canvassing among the distributive trade. To quote the October issue of the *N.F.U. Record*: "Given adequate support from the rest of the distributive trade, the scheme could easily have been put into force from October 1, even without the support of the co-operative societies. We question whether in the case of a single industrial co-operative society in England and Wales, the scheme was ever expounded to the Society's Management Committee by a person who thoroughly understood it. None of the delegates who attended the Birmingham Conference was sufficiently acquainted with the provisions of the scheme to pass instructive criticism upon it. And nothing would have been easier than to answer in detail the reasons given by the Conference for rejecting the scheme. It would have been sound policy, therefore, to go ahead with the scheme and trust to the good sense and goodwill of the co-operative societies to secure their adherence afterwards." Be this as it may, the facts are that the co-operative movement unanimously rejected the fixing of retail prices, were admitted to the Permanent Joint Milk Committee with the help of the N.F.U., and were able to have their own scheme in the main substituted for the earlier one of the Permanent Joint Milk Committee. These facts are sufficient to have established the co-operative movement as a new factor in the effort for national control of the milk trade.

This article cannot be concluded without some reference to the Scottish Milk Agency, which operates in Glasgow and the Clyde Valley. The objects of the Milk Pool, as it is commonly called, are "to secure a market for the milk produced by its members and to make provision for the disposal of supplies which are surplus to the requirements of the liquid milk market. The

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members of the pool agree to sell only through their Agency such milk as may be expected to supply the normal demand for liquid milk. For this supply a basic price is fixed and paid to the producer, the Agency then selling to the dairyman only this quota of milk in liquid form and dealing with the surplus on a separate transaction, with which the dairyman is allowed to have no connection. A levy of 1d. per gallon is made by the Agency for working expenses and to provide for future development. A farmer can become a member of the pool by taking at least one £1 share. He must also enter into a contract with the Agency binding himself for three years to sell all his milk through the pool, though he may still continue his old connections with particular dairymen, provided that his contracts are sanctioned by the pool and his cheques paid to him through the pool. After a certain amount of opposition, the wholesalers decided to deal with the pool, and most of the large wholesalers, including the Scottish C.W.S., now purchase their supplies from the Agency. During the first year 19,000,000 gallons were handled by the pool, nearly 4,000,000 gallons of this being surplus to the liquid milk market of Glasgow and the Clyde Valley. The bulk of this surplus was shipped to London and other English markets, some as far south as Plymouth. There has not unnaturally been considerable complaint in England against the Agency "dumping" milk in England. The Agency can say, however, that in no case has a lower price been accepted for the milk than that ruling in the districts where their milk has been sold.

The problem of disposing of surplus milk cannot be so easily solved in England and Wales. Mr. F. J. Prewett's survey of milk marketing in Somerset and Wiltshire, showing that only 39 per cent. of the total milk produced in these two counties is consumed in liquid form, emphasises the magnitude of the problem, and must also strengthen the argument given by

Mr. Conacher elsewhere in this publication that the dumping of milk by the Agency could hardly be resented in view of the unorganised state of the producers' side of the trade in England.

In considering any scheme for the control of milk distribution and prices in England and Wales, it will be necessary to recognise that although conditions in Scotland are not identical with those south of the Border, seven years of collective bargaining has brought little progress in the milk trade in England and Wales, while the success of the Milk Agency after a year's operation, although far from complete, has established co-operative organisation as a means by which the problem of surplus milk may be solved for the producer and the anxiety of price-cutting eliminated for the distributor.

M. R. METCALF.

### III.—EGG MARKETING

Egg production has increased rapidly since the war, and poultry keeping has been definitely established as an independent industry. The old-fashioned method of running a few fowls about the farmyard to provide housekeeping money for the farmer's wife, although still common enough, is gradually giving way to scientific poultry farming. This is largely due to the fact that egg production is comparatively profitable for those who are able to find the right market, and has consequently attracted a number of people with enterprise and capital behind them.

Finding the right market, however, is still a serious problem for the majority who have not the opportunity to break through the chain of intermediaries which separates them from the consumer. The most vicious link in this chain is the higgler, who goes from farm to farm buying eggs at a price fixed by him, which

generally must allow him a profit on the price he will receive from a commission agent or wholesaler in one of the leading markets, as well as allow for the heavy expense of collecting his eggs in small quantities over a wide area. The higgler may dispose of a number of his eggs direct to retailers, and so avoid the intermediary on the wholesale market, but the producer seldom, if ever, benefits from this practice, as the higgler pays a flat rate to all producers irrespective of where he sells their eggs or of their quality. The commission agent and wholesaler, although dependent upon the higgler for most of their supplies, receive a small proportion direct from individual producers or producers' co-operative societies. Their supplies, however, are seasonal, as in the scarce winter months their various suppliers are able to dispose of eggs direct to retailers, and so avoid the commission charges. These are generally 5 per cent., which does not include a deduction for freight, cartage, carriage of returned empties, market tolls, etc., from the gross selling price. It is interesting to note that the commission charged on foreign eggs is 3 per cent., accounting for one item in the increased cost of the English egg. The reason for this is that the consignments of imports are large, and therefore easier to handle; also, being graded and well-packed, they are ready for immediate sale, enabling the commission agent to make a quick turnover, whereas the consignments of English eggs frequently have to be candled and repacked before they can be sold. This has caused many commission agents to become wholesalers in order to get the full benefit of any improvements they may make on English consignments. The sale of English eggs is not, therefore, a very satisfactory proposition for the commission agent or the wholesaler, and in the larger markets there is a tendency to concentrate more and more on the foreign egg because of the regularity of supply and the standardisation of the product. This does not mean, however, that the sale of

English eggs in the big consuming centres is decreasing, but merely that wholesale distribution is taking place more from the country, where warehouse accommodation and labour are cheaper than in the cities. The wholesaler has to pay cash for his supplies, but frequently gives extensive credit to the retailer, which influences the large margin which the wholesaler allows.

The auction market is becoming increasingly popular as a method of egg distribution. The important factor is the elimination of the higgler and the trader, as the supplies are mainly drawn from producers. The majority of these markets are privately owned. Cash is paid to the producer within twenty-four hours, the auctioneer's charges being usually 5 per cent., or a flat rate of 1d. per dozen. The auction market brings a certain amount of organisation into marketing, the auctioneers being able to secure some standard of grading. The practice of marketing each lot under the producer's name is also an advantage, as the producer has an opportunity of studying comparative prices of different standards and of establishing his own reputation with buyers.

Direct producer-retailer business is carried on both locally, where the producer can deliver his own eggs, and with distant retailers, generally by contract. For a retail shop doing a large turnover, it is unsatisfactory to deal with individual producers in this way, as the separate consignments received are small and of irregular quality. The multiple shops deal almost exclusively with foreign eggs, buying them in large standard consignments, which saves a considerable amount of handling. It is generally the small dairy and other individual egg retailers, therefore, which contract for direct supplies from producers. The main criticism of the present methods of distribution is the lack of organisation and economy in handling between the producer and consumer, which includes the question of standardisation. The



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Ministry of Agriculture is attempting to standardise supplies by a National Mark Scheme. This scheme is still in its infancy and, indeed, will have to operate for some time before the general effect upon the English egg market can be determined; but it is already initiating certain changes, some of which may benefit the industry. For instance, there is a natural tendency for the National Mark egg to go from the packing station direct to the retailer, eliminating the wholesale market, due to the confidence in the guaranteed size and quality that the National Mark gives. But, against this, there are other retailers who do not deal in the highest-quality produce, and encourage the ordinary packed egg because of the increased price that National Mark eggs are at present demanding. These retailers maintain that they would have to eliminate the sale of English eggs from their shops if they could not buy the cheaper ungraded egg. Another tendency is for the commission agent on the large wholesale market to handle National Mark eggs, while for some time, as has already been mentioned, he has been avoiding the ordinary packed egg because of the uncertainty of supplies and quality.

These are natural cross currents during the initial stages of establishing any system of standardisation. It is encouraging, however, to find among them evidence that the National Mark facilitates direct marketing. The main problem in the scheme at present appears to be the extra cost of handling the eggs individually, both for candling and grading. The regulations laid down by the Ministry apart from those affecting freshness bring many eggs into the lowest grade, only fit for the confectioner, which the ordinary packer has no difficulty in selling more advantageously. The top grades have undoubtedly realised a consistently higher price than the egg which finds its way to the retailer by the old methods, but there are a number of packing stations springing up in the country, where the fundamentals

of the Ministry's scheme are appreciated. The more exacting regulations may not be followed, but it is doubtful whether the average price for all grades under the National Mark would show an advantage over these stations. They are essentially commercial enterprises whose methods approximate more closely to the standards on the Continent. The eggs are candled and graded into two main grades, mainly by eye, only the doubtful eggs being weighed, and a number of the regulations which condemn eggs for the top grades under the National Mark are eliminated. It is significant that some of the most reliable retailers are supporting these stations, in some cases paying as high a price as they pay for the National Mark egg. The growth of these stations is encouraging abuse of the regulations among the Ministry's accredited packers, which it will be difficult to prevent unless the Ministry is able to provide an army of inspectors. No doubt this and many other matters will be thrashed out at the conference of Accredited Packers that has been called by the Ministry of Agriculture. The strictest economy in handling will have to be given serious consideration, and if it appears that the consumer does not appreciate some of the finer distinctions laid down by the Ministry, no advantage can be gained by enforcing them. The real problem of the industry is to reduce the present wide spread between the producers' return and the price paid by the consumer, and to make every economy in this direction to give a better return to the producer and at the same time bring the English egg into direct competition with the continental egg.

For many years the difference in price between English and foreign eggs has been exploited by selling foreign eggs as English. This practice has been checked by the introduction of the Foreign Marks Act, in February, 1929, which compels all imported eggs to be stamped with the country of origin. Although the

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Act has no doubt contributed to the present high price of better-class English eggs, this alone can bring no permanent benefit to the egg industry in this country, as confidence in continental eggs is increasing every year, and will increase more rapidly as the difference in price between the continental and English egg increases. The Ministry's scheme will place eggs on the English market which can compete with the continental egg with regard to size and quality, but apart from the natural tendency already referred to of facilitating direct marketing, the scheme does not provide for any improvement in distribution. The fact, however, that eggs have to be brought to a central depot in order to be tested and graded begins some system of organisation where there has been none, and as the demand for graded and tested eggs increases, more and more control of the egg market will be concentrated in the grading depot. The problem of adjusting prices to benefit both producers and consumers will therefore largely depend on the question "Who shall own the depots?" If the distributive trade owns them it will then have control of the eggs to the farmer's door. The independence or bargaining power of the producer will be even less than it is now. In the place of a number of competitive higglers, commission agents, country markets, etc., the producer's outlet for his eggs will be limited to a packing station owned by one of the big combines, which would no doubt fix prices mutually. Under these circumstances the packing stations would employ buyers who would be acting for a monopoly, and would dictate the price each week to the farmers. The farmer would be in a similar position with his eggs that he is in at present with regard to his milk. There may be many unforeseen influences that will interrupt this line of development, but it seems probable that as the demand for graded and tested eggs increases, and larger supplies have to be treated in this way, the distributive trade will not miss the opportunity of

holding the key position in the egg market by establishing the necessary packing stations.

The alternative is for the producers themselves to own their packing stations co-operatively, as they do in many parts of the Continent, leaving the distributive trade to its normal function of selling the produce to the consumer. Co-operative packing stations could be linked up by district federations which would be in a position to represent the producers and negotiate prices with the distributive trade on an equal footing.

Co-operative collection and disposal of eggs has been in existence for a number of years in this country, some of the Societies engaged in this business testing and grading their eggs, and in view of the above remarks a description of the working of one or two may be helpful.

The Stamford and District Co-operative Society, founded in 1916, is an example of efficient organisation. Eggs are collected from an area of a radius of ten miles. The Society collects on Mondays, Tuesdays, and Wednesdays, and delivers on Thursdays and Fridays. The two motor-vans used for this work are run on contract by the local garage, the garage finding the drivers. The total handling costs are 1·7d. per dozen. The eggs are bought outright from members for cash, the Society taking the risk of the market in the same way that the higgler does. Surplus profits are distributed in the form of a bonus at the end of the trading period. The eggs are bought by count, and are tested, sorted, and packed at the Society's headquarters and sent out in two grades. Sales are mainly to retailers in Leicester and Nottingham, and a certain number are sold over the counter. The Society has had an average membership, since 1916, of between fifty and sixty.

This type of compact society, which prepares the eggs in grades, candles them, and sells direct to retailers, is undoubtedly

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performing a real service to the farmers, and it is doubtful whether it would gain anything by adopting the National Mark. It has built up confidence on the principles of grading and packing, but on a less elaborate and expensive system than the Ministry's.

The Framlingham and Eastern Counties has developed on much larger lines, and is now one of the largest egg societies in the world. It has a membership of over 6,000, with a share capital of over £14,000. The sales in 1927 were £138,000, and the number of eggs sold 20,000,000.

The Society was formed in 1903 in Suffolk, and has grown to cover Lincoln, Cambridge, Norfolk, Suffolk, and Essex.

Eggs are collected through forty-three local depots, besides the headquarters and collecting depot at Ipswich. Each depot has a manager who calls on the members regularly, either in a horse-drawn vehicle or, in the case of the larger depots, with a van, buying the eggs outright at a price fixed by the Head Office. All eggs which are bad are rejected, and also those which do not come up to the standard, and a deduction is made on dirty eggs. There is also a regulation that eggs are not accepted in the summer from those who have not supplied during the winter. The collectors are paid differently, some a fixed wage and some on commission, while others receive a wage plus commission on all eggs above a certain number collected.

All members' eggs are kept in separate containers to facilitate making the necessary deductions on stale eggs and eggs not up to standard. This practice has improved the general standard of eggs. Members are also encouraged to improve their stock, the committee undertaking the supply of pure-bred cockerels.

Supplies are well maintained throughout the year. A large number are sold by auction in the market towns in the district to London buyers. The Society's prices, as a rule, average out slightly higher than those paid by local buyers.

The sale of all eggs is undertaken by headquarters, and after the eggs have been tested, graded, and packed, collectors at the depots are instructed where to send them.

A fair quantity of eggs is sold to the Ipswich Co-operative Society and other co-operative societies, and a large number, principally pickled eggs, to the C.W.S. The pickling tanks are in Ipswich. They have a total capacity of 3,500,000 eggs, which, together with preserving accommodation at Stradbroke, Framlingham, and Wisbech, gives a total pickling capacity of 4,000,000 eggs. The C.W.S. insists on all pickled eggs sold to retail societies being invoiced through itself, but the Framlingham Society has retained the right to sell new-laid eggs independently. The large purchases of the C.W.S. have made it worth while to make the concession in the former case, but about three-quarters of the Society's trade is still with private retailers, hotels, and individuals.

The difficulty of increased sales to co-operative societies is principally one of price and quality. The retail societies have to compete with chain stores, and they must supply a working-class clientele at suitable prices. They also buy in very large quantities. Their managers, further, are judged by the extent to which their departments flourish commercially, even when the management is theoretically well disposed toward farmers' co-operation.

There is a feeling in the Framlingham Society that there should be a binding contract with members to enforce loyalty. If this could be brought about, and the farmers' organisation extended and strengthened to enable it to meet the consumers' organisations on equal terms, there might be an opportunity of increasing the Society's business with the retail societies.

It should be mentioned that in addition to trading in eggs, the Society undertakes to market poultry, game, rabbits, and dairy produce to a limited extent.

Although there are one or two other large co-operative egg

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societies which are making a contribution to the marketing problem, the majority of societies in England and Wales have remained stagnant and contributed little. A group in the South-West of England is typical. No concerted effort has been made to win the confidence of reliable retailers, and the eggs, which may or may not be roughly graded, are sent up to the commission agents on the leading markets. Many of these societies maintain that they are over-capitalised, and discourage new members, buying regularly from non-members. Both members and non-members are paid cash for their eggs, but only members share in any surplus profits at the end of the trading period. In one of the larger societies, where the membership constitutes half the regular suppliers, a dividend of 8d. in the pound was paid last year, which would be 1·8 per cent. for all suppliers. Apart from this small dividend, the Society resembles the ordinary trading concern. The manager, who collects the eggs, is looked upon in much the same way as a higgler or dealer, and both members and non-members will not hesitate to sell their eggs to one of the many higgles who call upon them if he offers a better price. This lack of loyalty is responsible for the problem of regulating supplies. Even in the larger and more progressive Cheltenham Society, which does not strictly come under this group, there is nothing to prevent members selling their eggs outside the Society when prices are high, and dumping them on the Society during the glut period. The solution is to adopt the Framlingham practice of only accepting eggs from members during the glut period who have supplied the Society in the winter.

Among the packing stations that are being set up under the Ministry's scheme there are a number which are being run by the producers, and although they have not been operating over a long enough period to judge whether they will establish them-

selves, a certain weakness is already noticeable. The Ministry's regulations demand a turnover of only ten thirty-dozen cases in the winter and thirty thirty-dozen cases in the summer, and many of these packing stations are barely complying with this regulation, and it is being realised that the capital outlay for the grading and candling plant, together with the handling costs, rent, and general overhead charges on so small a turnover cannot be economic. A co-operative society in the North of England, doing the comparatively large turnover of 400 thirty-dozen cases a week, is unable to keep these charges much below 2d. per dozen. This points to the necessity of having large units for grading and candling. It would perhaps be desirable to feed these units from local collecting centres, but the small individual packing station may not be able to survive. In view of this it is interesting to recall that as far back as 1906 an organisation called the British Poultry Federation was formed to act as a central selling agency for existing societies, and from 1909 to 1913 it had an arrangement with the Agricultural Organisation Society to be solely responsible for organising outlets for the producer of co-operative egg and poultry societies. The body was not registered until 1911, and owing to the railway strike of the following year, which involved it in heavy losses, it was wound up. The British Table Poultry Society took over the assets of the Federation and traded successfully until the conditions of the war caused supplies to fall off. The Agricultural Wholesale Society eventually ran it as a department for three years, when the British Egg Producers was formed to undertake the function of a central selling agency for all co-operative egg and poultry societies, as well as for individual producers. Depots were to be opened in large towns, and 5 per cent. commission was to be deducted for working expenses, any surplus to be returned to members. One pound shares were issued, co-operative societies



being required to take up ten and individual producers one. For financing the Society a deduction of  $\frac{1}{4}$ d. per dozen was to be made, and the amount so deducted credited to members' share accounts. The Society did not receive the support anticipated, and commenced trading with a membership of only 348 and a share capital of £1,566. In the first year, trading on a turnover of £14,267, there was a loss of £268. The Society lacked the support of the well-organised societies, and a further loss was shown in the following year.

Another venture appeared in 1924 called Co-operative Poultry Products, with a membership of 800, the object of the Society being to dispose of surplus poultry. Birds were fattened according to age, weight, and condition. The Society also undertook the marketing of members' eggs.

All these enterprises have been attempting to provide the real need of the industry, which is a central selling agency representing all the producers' interests. It can be only by such co-ordination that the producers can face the organised buying interests in the country and effectively economise in the present methods of distribution. Even large individual packing stations controlled by the farmers and run efficiently cannot be wholly successful by themselves, owing to the wide difference in the prices paid for eggs over the country at any given period. One co-operative packing station will be defeating another until the price can be levelled up by a united body. Many of the existing accredited packers are already appreciating the necessity for a central organisation to which they may become affiliated, and will no doubt raise the question at the Conference that is to be held. Such a body would be able to impose rationalisation and prevent overlapping of small stations. The advent of grading should in itself be a stimulus to producers to set up their own organisations, and if through the help of the Ministry a central

selling agency could be established, even a proportion of co-operatively owned packing stations would be able to have an influence regarding the return to the producer, and would provide still further encouragement to the producers to control their own packing stations.

M. R. M.

#### IV.—WOOL CO-OPERATIVES

Great Britain\* stands seventh amongst the wool-growing countries of the world, and produces a clip which in 1924 was valued at six million pounds. The country is both an importer and exporter of wool, the latter to an increasing degree, and the British clip, representing a considerable sum in the farmers' pocket, is thus a factor in the world market, by which, in turn, its value is largely determined.

It is important to consider whether the present selling methods of the farmer enable him to take the fullest advantage of these circumstances and secure the best price for his wool, or whether, by adopting new methods or by selecting some and abandoning others of the methods already in vogue, he could not carry out his sales with greater efficiency, economy, and ultimate profit.

British sheep-farming is characterised by its multitude of breeds and resulting varieties in wool, together with further variety in the use to which the wool can be put, in its consequent destination and the methods of marketing. The coarser types are largely exported for carpet-making and similar purposes, while the fine varieties find a more or less specialised market in the British woollen trade. In Scotland, where the types of wool are limited, marketing has for some time been concentrated in the hands of a few large buyers, by whom it has always been effi-

\* Although included in the section on England and Wales, this article necessarily deals with wool-marketing in the whole of the British Isles.

ciently carried out. In England, with which this study is more especially concerned, the marketing system, like the type of wool, admits of much greater variety. It may be divided primarily into (1) sales by private treaty; (2) sales by auction.

Sales by private treaty are made either to country buyers or so-called "Bradford" buyers or their agents, and may take place at the farm or at the buyers' premises. Various merchants engaged in other business deal to a small extent in wool on these lines. The advantage of the system from the farmer's point of view is that he has low costs of carriage and little responsibility, and also that as sales may take place at any time, a judicious seller may choose a favourable moment for his bargain. The disadvantages are that he is rarely well-informed as to prices, and consequently ill-equipped as a bargainer, that though buyers are numerous enough for their overhead charges to represent a wasteful expenditure, they are still less numerous than selling farmers and can take advantage of competition between them, while in any case the process of individual bargaining consumes much valuable time and skill.

Sales by auction may take place at (a) country auctions, and (b) central wool sales at London, Bradford, Glasgow, etc. Country auctions may be preferable to sales by private treaty in so far as they involve competition amongst buyers and speed up the process of bargaining, but though they permit a choice of buyers, the fact that they are only held once a year admits no selection of time unless another auction is held sufficiently near at hand to give the farmers a choice. Further, it is not in every case that auctioneers have sufficiently expert knowledge of wool to give adequate service to the farmer. Central wool sales offer the combined advantages of choice of buyers, choice of time, and expert handling. Their disadvantages are their expense, both as regards transport, storage, and the services of auctioneers and

others, and more problematically, the formation of rings and the gambling element, which is of doubtful benefit in dealing with a commodity capable of accurate grading and description.

A characteristic of the wool trade, as carried on by any of these methods, is the large number of middlemen who in some cases bring the wool nearer to the manufactured state by breaking up fleeces and similar operations, but whose main function is one of holding and risk-bearing.

A further method of wool-marketing remains to be considered—that carried on by farmers' co-operative societies. For some time groups of farmers have here and there combined to employ the same broker to sell their clip, and shortly before the war a few farmers' trading societies, whose principal business was in agricultural requirements, also undertook wool-marketing, usually as commission buyers for private wool merchants. Other societies, however, acting independently, undertook grading, and either stored the wool for sale by private treaty or had it sold by auction at local or central markets, sometimes arranging a special auction for the purpose. A society even operated for a short time for this purpose alone. A proposal to market centrally the wool from a number of societies was never carried out, owing to a temporary fall in the market, and the war and the resulting control checked developments in this direction. There are still (1929), however, several trading societies which handle wool as part of their general business, in the same way as they market members' grain or hay. In some cases they do so less from any ambition to enter the wool trade than from the need to compete with private agricultural merchants who mingle transactions in wool with those in feeding-stuffs and manures. Three West of England societies handled about 40,000 fleeces in this way in 1928, the bulk of their produce going direct to the Co-operative Wholesale Society.

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After the war a much more thoroughgoing experiment was set on foot. The Kent Wool Growers was formed in time to handle the 1920 clip. It is registered under the Industrial and Provident Societies Act, and membership is open to any farmer on taking a minimum £1 share bearing 5 per cent. interest. The Society is governed by a committee which is in turn elected by a general meeting of the shareholders, each of whom has one vote. The Society started with 75 members and £611 capital, plus a guarantee of £30,000 from committee members. Premises were acquired consisting of six army huts costing £450; their number has since been doubled, giving accommodation for 150,000 fleeces. The buildings are now valued at £1,247. The plant consists of fixed wooden bins, scales for weighing, and two Australian-type presses, the whole being valued at £740. The Society also supplies bags and sheets to the members for the dispatch of their clip. A full-time manager and foreman are employed. An expert grader is employed for two or three months in the summer; about twelve unskilled men are also taken on for the season. The progress of the Society has been as follows:

	<i>Members.</i>	<i>Capital.</i>	<i>Fleeces.</i>	<i>Net Sales.</i>	<i>Overhead Charges per Lb.</i>
1920 ..	75	£611	25,000	£12,000	1½d.
1921 ..	101	688	25,000	8,900	1½d.
1922 ..	165	894	45,000	16,501	1½d.
1923 ..	407	1,517	95,000	51,617	1½d.
1924 ..	501	1,813	120,000	74,418	1½d.
1925 ..	705	2,201	149,000	71,888	1½d.
1926 ..	765	2,298	163,000	76,727	1½d.
1927 ..	824	2,399	164,000	83,212	1½d.
1928 ..	1,021	2,723	209,000	127,348	1½d.

The Kentish production of fleeces is estimated at 700,000 per year, and the number handled by the Society in 1928 is, therefore, not far short of one-third of the total.

The method of operation is as follows: Members are not bound by contract to sell their wool through the Society, but unless it is well supported it is, of course, liable to the same fate as the hop-growers. Shortly before the shearing season each member is requested to fill in a form stating the number of fleeces which he wishes to dispose of in this way, and the approximate dates on which he wishes to deliver to them. Bags and hemp sheets are then supplied. The farmer is requested to keep the fleeces of different breeds separate and to divide his clip into (a) fleeces: flock ewes; (b) fleeces: hogs or tegs; (c) dung-locks and sweepings; (d) blacks and cots; (e) lambs' wool. The sheets and bags, each with a label stating its contents, are then forwarded to the Society, the Society paying carriage between ten and fifty miles.

An advance regulated by the market price of wool is paid to the grower within a week of receipt. For this purpose a bank overdraft to a considerable amount is required. In the first few weeks these advances are backed by a personal guarantee, but later the wool is taken for security. In this way the Society can operate on a share capital which is very small in proportion to the business done.

On arrival the fleeces are weighed, graded, and then re-weighed in their grades, and the grower credited with the weights of his wool in each class. Wool is then baled and stored, and a 25 per cent. sample of each grade is forwarded to the London docks, where it is sold by brokers at the Coleman Street exchange at one or other of the wool sales taking place during the autumn and winter. The brokers' commission is 1 per cent. plus 6d. per bale for sale expenses of advertising, etc. Wool sold is dispatched direct from the Kent depot to the purchaser, who pays carriage.

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Payment for wool is collected by the brokers as soon as sales are effected and forwarded to the Society. After the sale overhead charges are deducted from the proceeds, and the balance is paid to growers, plus 5 per cent. interest on their share capital.

In 1923 two other organisations, the Ryeland Wool Growers and the Southdown Wool Society, were formed on the same lines as the Kent Wool Growers. In 1925 the two amalgamated under the name of the Southern Wool Growers. The turnover of the Ryeland Society had stood at about 10,000 fleeces for the past two years. The progress of the Southern Wool Growers may be indicated as follows:

	<i>Membership.</i>	<i>Sh. Cap.</i>	<i>Fleeces.</i>	<i>Gross Sales.</i>
		£		£
1924 .. ..	252	1,395	65,000	37,256
*1925 .. ..	667	3,915	165,000	57,433
1926 .. ..	734	5,230	152,000	46,209
1927 .. ..	798	5,671	150,000	50,001
1928 .. ..	903	5,864	150,000	56,866

In 1925 the wool was of twenty-seven different breeds, sent from twenty counties. In 1928 as many as twenty-four counties were represented. The Society hired premises for its first year's operations, and then put up its own ferro-concrete building, 200 by 100 feet, with a capacity for 250,000 fleeces. The depot is close to the railway station and has good loading and unloading facilities, including a travelling crane. It is at present valued at £9,969. Building was partially financed by a loan from the Ministry of Agriculture.

The methods of operating are almost identical with those of the Kent Wool Growers. A minor difference is that carriage is

\* Amalgamation with Ryelands Wool Growers.

paid by the Society on all wool received; even growers delivering by road receive an allowance based on the ton-mileage rate for total carriage expenses. A very much larger number of breeds is dealt with than in Kent, necessitating a larger number of classes. Lots of from twenty-five to thirty bales can generally be made up from each class. In 1924 the Society made its advances to members in two payments of 50 and 25 per cent. of estimated value, but from 1925 the method was altered to one payment of 75 per cent.\*

The Eastern Wool Growers was established at Ipswich in 1926, working on the same lines as the Kent organisation. It covers the counties of Norfolk, Suffolk, Essex, Herts, and Cambridge, and has (1929) 182 members. Its share capital stood at £1,354 in January, 1929. Its premises are rented. In 1927 it handled 43,297 fleeces: in 1928, 40,245; in 1929, 40,620. Overhead charges stand at 1½d. per lb., a figure which will doubtless be improved as the Society's business increases.

In 1928 a fourth society was founded, under the name of the Midland Wool Growers, with its headquarters at Banbury, covering the counties of Oxford, Buckingham, Northampton, Leicester, Warwick, Gloucester, and Stafford. Like the Eastern Society, it operated in premises rented at £101 annually. At the end of the first year's work share capital stood at £1,734, subscribed by 415 members. Unlike the Kent Society, a certain proportion of non-members' wool was accepted. The total sales amounted to 48,000 fleeces, representing 301,352 lb. weight, the gross sales being £22,133. Cost of handling amounted to 1½d. per lb.,

\* For further details of the Kent and Southern Wool Growers, see publications of the Ministry of Agriculture, *Co-operative Marketing of Agricultural Produce in England and Wales*, Economic Series, No. 1; *Report on Wool Marketing, England and Wales*, Economic Series, No. 7 (1926).



including brokerage. Estimated on the same basis as other wool societies, it would have amounted to 1½d.

The Society had the ill-luck to begin operations in a season in which wool prices fell heavily and unexpectedly. As a business concern the Society did not suffer, and, in fact, did well, but the price obtained for members' wool was not as satisfactory as might have been hoped. Even so it would seem that the Society's prices did not fall so low as those received by other dealers in wool after the slump had taken place. The high competitive prices offered by local wool buyers did to some extent affect the Society adversely, but the exceptionally low prices that followed were entirely due to world conditions. Owing to the state of sheep-farming in the district in which it operates, the Society handles very various types of wool, necessitating a multiplicity of grades which at one time actually amounted to 350. This increases not only the labour costs, but also the transport charges, as in the case of small lots the whole lot has to be sent up to London, while for larger amounts (over five bales) a 25 per cent. sample is accepted.

Early in 1929 the Central Wool Growers Ltd. was founded, with its headquarters at Stamford, largely on the initiative of the Rutland farmers, who promised something over 25,000 fleeces. It was decided not to start business with less than 50,000, but support was also obtained from Lincoln Long-wool Breeders, who promised nearly 10,000 at one meeting; from South Notts, whence about the same number were promised; from North Northants, Leicester, and the Soke of Peterborough. Total promises for more than the required amount were obtained by the beginning of April. It was proposed to raise £600 to £700 capital on a basis of £1 share per fifty fleeces. The Society arranged to pay carriage on wool to the depot, arranging its own road transportation within twenty-five miles, and advance producers up to

75 per cent. of the estimated prices. Premises have been acquired capable of holding 200,000 fleeces. Wool is to be graded and bulked as in the case of Kent, and subsequently sold on the London wool market. The Society will have the advantage of large quantities of wool of uniform breed.

A similar move has been under consideration in Yorkshire, and after the approval of several N.F.U. branches had been received, an association was formed with headquarters at Hull which will begin operations in 1930. Discussion has taken place as to whether the Society shall be independent or linked up with other growers to north or south, and the destination of the wool is also uncertain, Bradford being more probable than London. Gloucester had also appointed a committee to go into co-operative wool-marketing proposals.

Early in March the National Farmers' Union called a conference to discuss the marketing of wool, to which a representative of the co-operation and marketing branch of the Ministry of Agriculture, representatives of existing wool societies, and those about to form societies were invited. The decisions of the conference were reported to the Council of the N.F.U., which set up a standing sub-committee to deal with the subject. A request by resolution of the conference for a central advisory body on which the existing societies should be represented was refused. The sub-committee has turned its attention initially to questions of demarcation, to preventing the formation of too many societies, and to negotiations with London brokers for a reduction of the 25 per cent. sample to 10 per cent.

In the meantime a development of a somewhat different character has taken place in Scotland, and is exercising a strong influence on wool growers, especially in the North of England. In 1926 the Scottish Wool Growers Ltd. was founded, with 348 members, mostly large growers, a capital of £2,808, subse-

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quently nearly doubled, and offices and warehouses in Glasgow. The initial steps were taken by the Scottish Agricultural Organisation Society in conjunction with the National Farmers' Union of Scotland, who formed a joint committee and issued a circular to leading wool growers. This led to the formation of a society and the appointing of a manager. Capital was raised entirely from farmers, the minimum subscription being five £1 shares payable in full on application, smallholders, however, being admitted on payment of one £1 share. Smallholders' societies are also admitted to membership. The Society from the first received fleeces from both members and non-members. An additional share in the profits, not exceeding three times more than that paid to a non-contracting member, is accorded to any suppliers willing to guarantee a part or the whole of their produce for a period of three years. Advance payments to members do not play any considerable part. The original premises had room for not more than 25,000 fleeces, and larger warehouses have since been acquired. Many suppliers were not at first willing to allow the grading and pooling of their wool. Consequently, the Society graded and sold many clips separately, although a certain proportion was bulked, as in Kent. The more uniform character of the wool makes grading less necessary than in the South. The Society proposed  $7\frac{1}{2}$  per cent. of the Scottish wool clip as a minimum economic unit, and during 1927, the first year of full working, 300,000 fleeces from all parts of Scotland were handled, most of these being either black-faced or Cheviots. Membership now stands at 418, and the value of the wool sold has increased by nearly 59 per cent. The first year's operations showed a net return of  $8\frac{1}{2}$  per cent. on capital, which rose to  $18\frac{1}{2}$  per cent. in the second year. Interest at 5 per cent. is paid on capital, and the rest goes to reserve or bonus. It will be noticed that these methods differ in several respects from those

followed in England. The main divergence, however, is in the method of selling. The wool is never auctioned, but it is sold by private treaty direct to the manufacturers, or occasionally to firms preparing the wool. The sales are very frequently to foreign countries and established connections. Some buyers inspect the wool in bulk at the warehouse, but much is bought on small type samples. Selling charges are  $2\frac{1}{2}$  per cent., with a minimum of  $\frac{1}{4}$ d. per lb. insurance and portorage, 2s. 6d. per bag, or 4s. per sheet. The Society also does a rapidly increasing trade in wool-growers' requirements, principally sheep-dip, on which it is possible to effect considerable economies.

The Scottish Society has exercised an influence beyond the Border and has drawn supplies from farmers in Cumberland and Northumberland, where a similar type of wool is produced. In many cases business is done with individual farmers, but in one instance a farmers' co-operative society has constituted itself virtually the agent of the Scottish Wool Growers. The Tees-side Farmers (Darlington) have been dealing in wool independently for the past seven years, but in 1928 they decided to link up with Scotland. Their method of operating is as follows: All wool is sent to a central warehouse at Darlington. Whenever possible, the Society's own transport collects wool on the farm; but where the farm is outside the Society's road delivery area, it is forwarded by rail, the Society paying carriage. On arrival at the Society's premises, wool is graded and packed. Payment at a fixed price per sheet is made as soon as the wool is sold. Farmers may obtain an advance of not more than 70 per cent. of the estimated value of their clip, but none did so in the season in question. In this year the Society dealt with the clips from 100 farms, amounting to 50,946 lb., or about 7,000 to 8,000 fleeces. The total sum paid to the farmer was £3,273, less expenses, which amounted to 1d. per lb., including the selling commission of the

**Scottish Wool Growers.** The Northumberland County Executive of the N.F.U. have recently decided to recommend their members and wool producers in their area also to support the Scottish Society, but the proposal to set up a county agency for that purpose appears still to await further discussion.

The Scottish Society has also marketed a proportion of the Ulster clip, which is similar in character to Scottish wool. The Fermanagh Pig Feeders' Association has acted as agent for the Society, and other farmers' co-operative organisations have collaborated in collecting and forwarding wool.

Apart from some unsuccessful experiments in the past, Welsh wool has remained untouched by co-operative marketing. In August, 1929, the Cardiganshire branch of the N.F.U. invited the Welsh Committee of the Council of the N.F.U. and the Welsh Mountain Flock Book Society to a preliminary conference at Cardiff, on the occasion of the Royal Welsh Show, at which the formation of a Welsh Mountain Wool Society was discussed, but no definite steps taken.

As the foregoing shows, co-operative wool-marketing has made considerable progress, especially within the last year, not far short of one million fleeces having been handled co-operatively in 1928, nearly half being sold in the London wool market, of which 40 per cent. were exported. The increase in the amount of wool handled has been accompanied on the one hand by an increase in the number of societies dealing in wool alone and in no other form of business, and on the other by an attempt, but little developed as yet, to link up different wool-handling organisations and to see that societies are formed under such circumstances that they may ultimately form part of a scheme applicable to all Britain.

The attempt of a few general co-operative societies to buy wool outright from their members and resell it at a profit would

appear to have been too risky for general adoption, and it is doubtful if more than a very limited business of this character is still undertaken. Several societies act as merchants' agents, receiving, bulking, and dispatching their members' wool for a commission. This, however, though a useful function, does not carry co-operation very far unless the wool passes not to a private merchant but to another co-operative society, as in the case of the Tees-side Farmers.

A further step has been taken where, as in the case of most of the recently founded societies, the growers' organisation works independently, disposing of its wool either at a central auction or by private treaty. The principle having thus found so wide an acceptance, it may be well to summarise the advantages, difficulties, and problems of the co-operative method.

The broad advantages of combination have been frequently stated, and are scarcely contradicted. Growers, by combining, present themselves as a few sellers confronting many buyers; they are better equipped to take market opportunities, and stronger to resist panics; they can afford expert assistance not only in grading (which raises the value of all wool) but in the technique of selling; they can act upon the advice received both in influencing the production and preparation of fleeces by the individual member, and in regulating the supply passing on to the market. An organisation managed by the growers themselves will not grade down for safety, but will assign a fair value to all wool submitted; all members receive full value for their clip, and the small grower is in as favourable a position as the large.

A wool-selling organisation does not demand heavy capital outlay, and is therefore within the means of farmers without recourse to loans or subsidy. Where it can undertake middlemen's functions there are middlemen's profits to be cut into, and

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in any case overhead charges are less for a group than an individual, and less again for a large group than a small. Group selling helps to stabilise auctions by offering large and well-graded lots; it is reasonably claimed that it improves the general level of local prices for the farmer. Finally, an increasing proportion of the trade in English wool has become an export trade, and it is only by bulk selling that the English farmer can deal direct with continental buyers who do not frequent country auctions. In this connection, the record of the London Wool Sales is instructive. In 1924 most of the trade was with home buyers, though a small proportion of wool went to Germany and the U.S.A. In 1927 more than half went abroad. In 1928, though general figures are lacking, it is known that half the produce of the Kent Wool Growers was exported. Finally, once it is decided to organise a wool-handling group, the co-operative form has advantages over the joint stock company, in that it is cheaper and more easily controlled by the producers.

Turning to the difficulties and problems, these are perhaps best treated together, as none of the difficulties of co-operation are so hopeless as to be excluded from the category of problems for solution. One or two problems, however, are not so much immediate difficulties as matters of policy, upon which more than one opinion exists.

After the initial necessity of securing the loyal support of suppliers, one of the greatest difficulties affecting a society working from a fixed centre is that growers are scattered and wool extraordinarily diverse. This leads at once to a major problem: Shall the society aim at intense activity in a small area, or work with a less concentrated membership over a larger district? This is closely linked with the question whether a society should base its work on a locality or a breed. Undoubtedly both bring their own economies: the small area reduces transport

costs, but concentration on a particular breed, where it is possible, reduces grading costs, selling costs, and in the case of samples to a central auction, transport costs, and results in a more saleable article. These advantages would appear preponderant.

But in many districts limitation to one breed is impossible, and a slightly different problem arises: Is it most advantageous to run a small or large society where the character of the wool is the same in either case? To a certain extent there is a maximum and minimum economic turnover. Overhead charges decrease proportionately with an increase in the number of fleeces, but one grader cannot deal with more than a certain number annually (about 150,000), and a small number over the limit may necessitate the employment of a second, whose salary will increase overhead charges. Somewhat similar considerations apply to the acquisition of larger premises. These objections, however, would seem to be more theoretical than actual, as buildings can usually be enlarged gradually and graders acquired for short periods; while, as increase is usually continuous, it may be anticipated that additional expenditure will usually be followed by additional trade. Very few societies see themselves within sight of the limits of their expansion. The other arguments in favour of small societies are less transport costs and greater knowledge and control on the part of the management. Against this must be set the increased bargaining power of the dealer on a large scale, and the fact that though the overhead charges of a society of a certain size might possibly be higher than those of one somewhat smaller, they would certainly not be as high as the charges of two societies handling the same quantity of wool.

Generally speaking, it may be suggested that where a distinctive breed, or possibly two or three breeds so similar that they compete with each other on the same market, are situated in a



continuous area, one society and only one should undertake to handle them. In the case of mixed breeds over a wide area the district covered by one society should be the largest consistent with transport and managerial efficiency. The possibility of the same or at least competing breeds being concentrated in widely separated areas is a difficult one so long as no central organisation exists. The attempt to combine both in the same society would probably fail, but, if two societies are formed, it is possible to imagine the unedifying spectacle of competition between co-operative societies.

Two technical points have been the subject of controversy, and may be mentioned here, though they are somewhat outside the scope of the present article. They are: To how fine a point should grading be carried? and Should wool be offered for sale washed or greasy? With regard to the last, the general opinion of the societies seems to be that washing is unprofitable, though voices from Bradford have been raised on the other side. Both states are still handled by all farmers' societies.

Two advantages of group marketing on the co-operative plan have corresponding defects or limitations. Ultimately it is to the benefit of both that small and large producers should receive an equally good price for the same article, but at first it is probably the small man who will gain most, and the large producer who is not particularly far-sighted may feel he is being asked to carry his weaker neighbour's burdens. Here the principal argument, apart from any appeal to public spirit, is that once a society has fairly started, it will have a turnover compared with which that of the largest private grower will seem small. Another point concerns the control which a society can exercise over its members' production. With regard to quality, as dependent on methods of dipping, shearing, packing, etc., a society has probably more influence over its members than a private buyer,

but it has still less than might be wished. On the other hand, its influence on quantity is nil. A merchant may refuse to buy a farmer's wool if he considers it unprofitable to do so. A growers' society can never refuse to accept a member's clip, however difficult the marketing conditions may be, for its existence is justified by the services it performs, not by the profits it makes.

This leads to the consideration of some of the commercial problems of a growers' organisation. No co-operative society has so far experienced any unfair discrimination on the part of the merchants to whom it sells its wool. But private buyers competing locally for farmers' custom may not infrequently raise their prices in an attempt to win away members from their society and to prevent the adhesion of fresh members. Further, even if co-operative prices are slightly higher at first, it has been found by experience that the general prices of a district often rise in sympathy, and the gain to the farmer, though real, is not apparent. Further, as has been indicated before, a growers' society is at a disadvantage when prices are low. A private buyer may buy cheap and sell cheap and yet make a profit out of the margin. But with the co-operative society it is the growers that come first, and to them a society flourishing on low prices is of little benefit. Though not a cause for alarm, it must be clearly understood that by undertaking the business of a merchant a growers' society bears the risks of the market. In exceptional seasons farmers may sell well in the early summer, but prices may slump by the autumn. If they have sold to private merchants, it is the merchants whose pockets will suffer; if through a co-operative society, they must bear possible losses themselves. To this it can be answered that fairly wide experience has shown that the risk is worth taking. It may be mentioned while treating this part of the subject that no co-operative society has so far followed the example of those merchants who extend their business and,

it is claimed, minimise their risks, by dealing in more advanced products, such as matchings and tops.

Some points in the relations between a society and its suppliers merit consideration. First, is it advisable that a society should deal with members only, or also with non-members? The most generally acceptable view would seem to be that a society should base its business on members' trade, but that it should be willing to accept non-members' wool on the understanding that if they become regular suppliers they would also become members. The desirability of pooling all wool received seems unquestionable, but till members are accustomed to the method, and convinced of its value, it may sometimes be necessary to oblige them by grading a large clip individually. Contracts by which members pledge themselves for a period of years to deliver all or a fixed proportion of their clip to the society are undoubtedly an advantage in that they not only assure members, and give them a more permanent interest in the society, but they give the management a basis on which to calculate probably future business. There may, however, be cases where a business can be so firmly built up on goodwill, that no additional bond for members' loyalty is needed. It is perhaps a paradox, but it may truly be said that the binding clause and legal sanction involved in contracts are valuable in proportion to the infrequency with which they are invoked. A binding contract may make a member take a serious interest in his society, and prevent him from sending his wool elsewhere out of mere caprice or for temporary advantage. But if a society is inefficient and its transactions unprofitable, no legal hold upon its members will secure their permanent support or the prosperity of the organisation.

A further point of policy is the custom, fairly general amongst wool societies, of advancing to their suppliers up to about 70 per

cent. of the estimated value of their wool. This system has its advantages for the farmer, but it must be recognised that funds for the purpose have to be obtained by bank overdraft, so that the farmer is in effect paying interest on the money received. In some cases members have foregone the advance and waited for their money, and this undoubtedly means a larger cash return. Where large bank overdrafts are required, the personal guarantee of members is usually necessary in the early stages. Methods have been discussed whereby this responsibility could be spread over the members collectively, or, as an alternative, whether advances could not be obtained from the outset on warehouse receipts, instead of the necessity of waiting till a large quantity of wool had accumulated. No definite change in plan, however, has yet been recorded.

It has been shown that one of the most important divergences in the practice of co-operative wool-marketing, lies in the methods of sale. Sales by auction on a central market and sales by private treaty from the society's premises both have their advocates. In favour of selling at the London or other central wool sales, it has been pointed out that graded wool there attracts bigger buyers and secures better prices than might otherwise be attainable; that it reaches a world market and, especially, that it interests foreign buyers who cannot be expected to attend country markets. Against this it is urged that the method at best is only applicable to certain societies which, like Kent, are close to London and have low transport costs and an exceptionally saleable product (more distant societies may easily find advantage in price swallowed up by carriage); further, that the importance of the London sales is diminishing, owing to the practice of American, Japanese, and other firms sending buyers direct to Sydney; finally, that a commodity such as wool, which can be graded to a point at which samples are reliable indication of

quality, and held for considerable periods, is capable of more profitable disposal by methods less costly and less speculative than public auction.

The arguments of the supporters of private sales on the Scottish plan are probably right, with one important qualification. A society selling by private treaty must not only have very large quantities of wool to dispose of, but that wool must be relatively uniform. These conditions have been present in Scotland, and have made possible the developments which have taken place. They are not yet present anywhere in England, and till they are, sales by auction at the important centres are the only possible outlets, since no country society offering only relatively small lots of each grade can expect to attract buyers to its own premises. It might ultimately build up a business on type samples, and Scottish methods must remain a matter for eventual consideration everywhere. Owing to the position of wool as a world crop, it is doubtful if the extension of co-operation in British wool-marketing, even to the point of monopoly, would give real control of price. Any economies which can be effected in handling or selling are thus of first-class importance, since it is through "rationalisation" of this sort that the main benefits of co-operation will be realised.

This consideration leads finally to the question of a unified scheme capable of providing for all the British wool coming on the market. It has been estimated that the entire British clip could be handled from not more than twelve depots, each managed by a local committee and responsible for collecting and grading the wool from their district, marketing being left in the hands of a central organisation. The objections to this proposal are that, at present, it would be difficult to raise capital to finance such a central society, while if it is left to develop with time, and on a federal basis, many local societies would by then be

strongly established and unwilling to surrender their authority over the wool entrusted to them. It is true that a central selling organisation would do little more than replace the auctioneers, into whose hands the societies' wool now passes, and would represent no greater sacrifice of independence. It may be recalled also that the existence of large and efficient local co-operative organisations has led in Canada to the formation of the All-Canadian Wheat Pool, perhaps the strongest and most successful farmers' marketing organisation that has ever existed. Without, however, being dogmatic as to such future developments, it is safe to point out the dangers of overlapping and competing societies—evils which can be averted by central consultation—and the benefits of large-scale operations.

Wool-marketing is one of the last branches of agricultural business to be handled co-operatively, but it promises to be one of the most successful. There is every reason why this should be, for it lends itself to expert handling on a large scale, conditions which are beyond the reach of the individual. As time goes on, methods may be modified or improved, but already sufficient experience has accumulated to merit the attention of any farmer who has wool to market.

M.D.

#### V.—THE CO-OPERATIVE CONGRESS

The Congress of the Co-operative Union held at Torquay in Whit Week, 1929, was one of the most placid known to its history, and the subject of agriculture cannot be said to have raised more than a ripple, or perhaps a series of very small ripples, on its tranquil surface.

The Congress met under the presidency of Mr. H. J. May, Secretary of the International Co-operative Alliance. In his

opening address he considered the movement from a point of view embracing not only many countries, but many forms of co-operative effort. He described the relations between co-operative producers and consumers as a question which had become vital to co-operation whether national or international. The subject had long been neglected because of "the supposed conflict of aims between the two forms."

"However that may be," Mr. May continued, "the conviction is being forced upon the movement, at home and abroad, that just as there is no realisation of our ideals possible apart from the international extension of our work, so the gap which has hitherto divided producers from consumers must be bridged over and organic relations established. Recognition must be made of the fact that at least they run on parallel lines.

"The Programme of the World Economic Conference at Geneva in 1927 was divided into three main sections: Commerce, Industry, and Agriculture. In the first two of these questions Co-operation held a place, but was mainly outpaced, even overwhelmed, by the representatives of private enterprise. But, in the agricultural sphere, Co-operation was found to play such an important part in many countries that the question of what Co-operation could do for agriculture became of real importance and the entrance of co-operators into the arena was welcomed. Thus do we in unexpected ways have the importance of our Movement in the economic field pressed upon us. The International Co-operative Alliance was not slow to emphasise the contribution which the consumers' movement, in every land, could make to this question. It had already discussed the matter in its international assemblies, and proceeded to make an inquiry amongst the members of the Alliance which would establish the facts as to the existing relations between producers' and consumers' organisations in the agricultural sphere. The result

of that inquiry has been presented to the Consultative Economic Commission which has just concluded its sittings at Geneva. It is not necessary to detain you now with the details of that Report, suffice it to say that Great Britain holds the foremost place in its record of what the nations are doing, for the splendid contribution that has been made to this question by the English Co-operative Wholesale Society in establishing relations with co-operative agricultural organisations in the Dominions and setting an example to which it will be our aim to give the widest international extension. Many other countries, including Denmark, Germany, Czechoslovakia, Finland, France, and the U.S.S.R., show substantial contributions towards this problem. In Canada last year, at the Conference of the Wheat Pools, we felt that we were at the dawn of a new era, in which the producer and consumer had at last found common ground.

“The rôle of the National Co-operative Movements is to recognise the need that exists for the co-operative producer and consumer to work together. So far as the Dominions are concerned, the consumers’ movement amongst them has not sufficiently developed to afford any substantial bulwark to the producers’ organisations, either in financing them or consuming their produce, and so this vast field of primary production is at the mercy of financial exploiters unless the consumers’ movement, outside itself, comes to the rescue as the English Wholesale Society has done. There is, therefore, a double task for the British Movement to undertake: first, to extend and increase the financial support given to the producers, and to do all possible to assure that their produce is co-operatively marketed to co-operative consumers; the second, to use all means, either directly or through the International Alliance, of promoting Consumers’ Co-operation in these distant lands. That they are ready, and even eager, for the opportunity of advance, is as clear as noonday. All the



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indications are that in Africa, India, the Australian Commonwealth, and Canada, the soil is fully prepared for the co-operative growth. A rich harvest is assured to the propaganda that will cultivate and nurture the tender plant of Consumers' Co-operation which, in those countries, is in the pioneer stage. What is needed is the missionary spirit that will provide the resources—material and spiritual—for the work that is lying to hand, that has, in fact, become a pressing need. Obviously this is a work in which the International Alliance will take its part in other lands than those already mentioned, but the Dominions have a special interest for the British Movement."

The Report of the Union's Agricultural Committee was awaited with considerable interest by all those who had followed its somewhat chequered career, especially its threatened collapse in the preceding year and the unexpected wave of public support which put it on its feet again. Doubtless the Co-operative Union has a task of peculiar difficulty in finding some useful method of approach to the agricultural problem, but, frankly, the report is a little disappointing. The initial programme is all that could be desired, but the practical activities are meagre except in the matter of advice to consumers' societies running farms, and the Committee has touched no more than the edge of the more fundamental question of producer-consumer relations. The general policy of the Committee has been summarised under four heads: (1) Organisation of agriculturists into co-operative societies, and the development of a policy of inter-trading; (2) collection of statistics, advice, and assistance relative to farming by consumers' societies; (3) establishment of a separate section of the Union to which agricultural societies should be admitted; (4) the appointment of an organiser.

The organiser, Mr. J. Walworth, who possesses agricultural as well as co-operative qualifications, has been duly appointed,

and has proceeded with section (2) of his work, and with a good deal of publicity work on agricultural subjects. The Committee's programme has been developed in some further detail. It was proposed to encourage the development of the milk and meat trade of consumers' societies, which are urged to "give farmer suppliers of milk favourable treatment," and some milk and meat conferences have been held, though these do not seem to have been attended by farmers. The proposals of most direct interest to organised farmers are the following:

(3) That in each district retail societies, working through the district associations, should be encouraged to meet their farmer members and offer them the best terms in return service. It is hoped that by increased understanding and goodwill, areas may gradually build up co-operative producers' associations within the membership of the societies of the area. Propaganda and conferences are advisable to this end.

(4) That small farmers, for the time being, being only likely to co-operate on general produce lines, may be served most efficiently by retail societies, provided the retail societies will realise the value of this inter-trading on comparatively small margins.

(5) That where established agricultural co-operative societies exist, inter-trading between these societies and farmers be encouraged.

These three propositions are not altogether free from ambiguity. The last paragraph apparently implies that the Co-operative Union will look with benevolence on the trade between farmer co-operators and the societies they have themselves created. The Union's interest would seem to be more appropriately directed to trade between the farmers' societies and those of the consumers. The suggestion in paragraph (4) is reasonable enough if it be taken to mean that where no farmers' society already exists the local consumers' society might act as agricultural supplier to farmer and smallholders. It is possible, however, that the Committee has in mind the purchase of smallholders' produce by consumers' societies—a highly desirable de-

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velopment, but one in which the consumers' society renders services which, however useful, are not the same, and are only in rare cases quite so valuable as those given by a society under the farmers' own management. The importance of paragraph (3) seems to depend on the form which the proposed "co-operative producers' associations" are to take. Are they to be autonomous or dependent? Are they to form a section of the general membership of consumers? Has any policy been devised with regard to the distribution of profit? These questions were raised in the discussion on the Report, but no answer was forthcoming, probably because such associations are still in the realms of theory, and no working model is to hand.

Read as intentions rather than facts, however, these three proposals still indicate a somewhat possessive attitude towards agricultural co-operation which most agriculturists will feel to be a mistake. Doubtless the agricultural movement is small compared with Holyoake House and Balloon Street, with their bursting exchequers and their adherents numerous enough to populate several small States without discredit. Doubtless the stronger agricultural societies are precisely those which are least approachable by the co-operative missionary from across the gulf. Still the agricultural co-operative movement in England is strong enough and permanent enough to be treated as an entity capable of conducting its own affairs and acutely to resent anything that looks like a policy of absorption. From a casual reading of the Committee's Report it might almost be thought that no agricultural co-operative societies existed, and that it was the Committee's task to create them painfully out of nothing. The path to mutual understanding with existing societies may be almost equally thorny, but it may be suggested that it does lead in a more hopeful direction.

Two final suggestions are of considerable practical value,

though they do not appear so far to have been given extensive practical effect. In the first place, "an attempt is being made to analyse trading returns and to consider co-operative rules in the hope of developing a satisfactory policy in assisting such (agricultural) societies on a common basis, free from overlapping with retail societies. It is hoped that agricultural societies will assist in this proposed development for the future well-being of all sections of the Movement." The suggestion of most value in this paragraph is the indication that the problems of overlapping between producers and consumers' organisations might become the subject of study and negotiation. If this idea could be carried further, the Committee would have set its hand to a very valuable piece of work.

Secondly, it was stated that "The Agricultural Committee feels that agricultural co-operation and increased intertrading between the movement and farmers are necessities for the future development of the country, and is prepared to work for the co-ordination of the various forms of co-operative activity in existence. For such purposes representation on national or co-operative bodies concerned with agricultural development is desirable and will be sought." In this connection the delegate of the Horace Plunkett Foundation drew attention to the informal meetings of representatives of agricultural co-operation in the British Isles which have taken place periodically at the Foundation's office, and extended an invitation to the Agricultural Committee of the Union to attend. This invitation was accepted by Mr. Walworth in his reply.

The subject of agricultural co-operation was raised in a different form in the report of the International Co-operative Alliance, where it was noted as one of the events of the year that the Alliance had been represented at the International Conference of Wheat Pools—a "novel feature, because it marked the recogni-

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tion by the International Co-operative Alliance of the agricultural producers' movement and set the seal of practical policy on the opinions expressed and the resolution adopted at the Stockholm Congress of the International Co-operative Alliance." This participation, it was recorded, "aroused the widest interest and appreciation throughout the Dominion. . . . On the other hand, the constitution and work of the Wheat Pools upon the Consumers' Co-operative Movement generally has aroused keen interest amongst militant co-operators everywhere."

"The vital question which presented itself to the Alliance was the co-operative character of the Pools and the possibility of establishing closer relations with the consumers' movement. The recommendation of the General Secretary, that it would be better to allow these relations to develop naturally, side by side with the policy and maturing of the organisation of the Pools, was approved. It was agreed that no good would result from attempting to force the pace, but that the aims of the farmers should be allowed to emerge with experience."

The Alliance retains its membership of the Economic Consultative Committee at Geneva, where the relations between agricultural and consumers' societies are a subject of recurrent interest, and it has carried on independent research work on the question.

Three other subjects discussed by the Congress are indirectly of considerable interest to agricultural co-operators. Last year the United Board of the Co-operative Union set up a Committee to consider State Purchase and Imperial Trade, "realising that proposals now being made for the development of State activity in relation to imperial trade and the State purchase and importation of wheat and other foodstuffs, and the regulation of supplies by the Government are likely to have a large influence on the Consumers' Co-operative Movement and international exchange

between national co-operative organisations." The Committee has met once or twice, and has initiated fairly extensive research into conditions of State purchase in foreign countries and allied matters. Its Report, which it is believed will be issued before long, should be well worth the attention of farmers as well as consumers.

A section of the Report of the Central Board was taken up with the refusal of supplies to co-operative societies by manufacturers of certain proprietary articles. Societies are urged to "reply to the boycotters by obtaining wherever possible alternative supplies, particularly co-operative productions," and the Committee promised to move for legislation to deal with the matter. Boycott of this kind is not unknown to agricultural societies, and it is at least possible that in some instances they might make common cause with the consumers' movement or obtain its help in finding an alternative source of supply.

Lastly, a resolution was passed setting up a national committee to consider the milk problem of the movement and to approach the National Co-operative Milk Retailers' Federation with a view to discussing with that body the desirability of transferring to the Co-operative Union the functions now performed by the Federation, including the giving of technical advice and the representation of the movement on all national milk negotiating committees. This move has the effect, amongst other things, of unifying the bargaining forces of the co-operative movement and putting them on an equality with a body such as the N.F.U. as a national organisation interested in the milk trade. The proposed Committee has already begun its work, and its ultimate influence on milk prices will be a matter of interest to farmers and their societies.

Taken as a whole, the business of the Congress shows that the British consumers' movement is coming, to a large extent in-

voluntarily, and even unconsciously, into closer and closer contact with agricultural production and the problems it presents. This is a fact of even more significance than the movement towards a moral entente with the producers' societies, which is its surface manifestation. The important point is that co-operators should go forward to meet the tasks of extension to rural areas, of milk purchase and price-fixing, and of the importation of wheat and meat either through Government or private channels, aware that the problems involved are not merely commercial but co-operative—that is, moral and economic. No work which the Agricultural Committee, or any other section of the Union, can do in inculcating this attitude will be wasted.

## VI.—RECONSTRUCTION IN SOUTH WALES

The Horace Plunkett Foundation was requested by the Coalfields Distress Committee of the Society of Friends to send a representative to go into the possibility of starting co-operative reconstruction in the distressed area.

The district under consideration includes Brynmawr, a mining town (8,000 inhabitants) 1,200 feet above the sea-level; the Clydach Valley, with several villages and scattered cottages largely inhabited by miners; and Crickhowell in the Usk Valley, an agricultural village with a partly mining population. Out of a working population of about 3,500 at Brynmawr, only 400 are employed, a figure which includes railway workers, teachers, shop assistants, etc. The pits at Brynmawr are worked out, and are never likely to be reopened. A few men may ultimately be reabsorbed by pits further down Ebbw Vale or elsewhere, but this will not go far to solve the problem. At present the people are living on relief of one kind or another. For the future the

alternatives seem to be the removal of the whole population, which is probably impossible and certainly undesirable, or the creation of some new industry or industries in the district.

*Co-operative Credit and Banking.*

It is understood that certain funds, probably in the form of capital at very low rates of interest, could be made available for reconstructive work. In order that reconstruction should be on a co-operative basis from the first, it is proposed that a co-operative bank or central credit society should be formed to control these funds. The following constitution is suggested: All persons ready to interest themselves in the undertaking would take up non-withdrawable shares to a maximum of £200 per head. Any person wishing to advance a larger sum would do so in the form of loan capital. Interest on both shares and loan capital would be fixed by the rules. The bank would be registered under the Industrial and Provident Societies Act, and under the Money Lenders Act. The eight original members in whose names application for registration was made would constitute the Board of Directors for the first year. It is consequently important that they should be persons with suitable qualifications and able to give time and thought to the management of the bank. Subsequent directors would be elected by the general meeting of shareholders. Membership must be open to anyone subscribing for one or more shares, according to the rules. All individual shareholders, including the original members, have one vote each.

In addition to the individual shareholders, all co-operative undertakings in the district (that is, the smallholders', boot-makers', or other societies which it is proposed to form) would be obliged by their rules to take up a nominal share in the bank.



In addition, the existing industrial consumers' society should be invited to join. It would probably be desirable to fix the voting power of societies in proportion to their membership, so that as they grew they might exercise more influence in the affairs of the bank. The bank would be in a position to make advances to its member societies, thus enabling them to purchase premises and equipment and cover their running costs for the first few months of their activity. The bank would naturally exercise a certain control over societies financed in this way. The bank would also be able to receive deposits, as distinct from share capital, from any of its members. It would require to reinvest its funds either in one of the ordinary joint stock banks or (preferably) in the Bank of the Co-operative Wholesale Society.

The first co-operative productive groups would be formed at the same time as the bank, and would be its first members and users. They fall into two groups: (1) agricultural, and (2) industrial. The conditions affecting these two branches are for the most part different, but one circumstance favourably affects both—namely, that the district has excellent railway communications with the whole of the South Wales coalfield, and is in reasonably good touch with London and Birmingham. Details of railway facilities, freights, time-tables, etc., remain to be investigated.

### *Agricultural Co-operation.*

Agricultural co-operative production depends on the possibility of getting men on to the land, and this in turn depends on the characteristics of the soil and its present ownership. It is understood that an agricultural expert will be asked to investigate and report on the former. The latter might be discovered by private enquiry or after the matter had been taken up with the Smallholding Committees of the County Councils involved. A

third factor is the degree of agricultural skill and adaptability possessed by the men whom it is proposed to settle on the land.

The immediate neighbourhood of Brynmawr consists of exposed pasture, at present devoted to sheep-farming and a little dairying. There is a privately owned slaughterhouse in Brynmawr which is to some extent a centre for local agriculture. Wool, which is of a coarse type, is apparently sold to dealers on the farms. It is said that, owing to distress in the coalfields, some of the small dairy farms have lost their market and are going out of business. Near Brynmawr itself there are allotments on which bush fruit and vegetables are grown successfully, but the season is probably a late one. Poultry is also kept, on backyard lines, though there have been one or two instances of men providing for themselves and one or two dependents by poultry-keeping on an acre or two of ground. Further down in the Clydach and Usk Valleys are richer soil and more sheltered situations; the villages are also smaller and more scattered, providing easier access to the land. One case may be noted of a smallholder who is at present cultivating about six acres divided between bush fruit and poultry.

#### *Acquisition of Land for Smallholdings.*

Except for the purpose of allotments under one acre, which may be dealt with by district councils, the acquisition of land is mainly a matter for the County Councils. Land could, of course, be purchased privately by groups of prospective smallholders, but the County Councils possess valuable powers of compulsory purchase, and may also grant credit for various purposes to purchasers or tenants. The area in question is divided between Brecon and Monmouth Councils, of which the

latter, representing a mining district, is probably the more interested in schemes of relief and reconstruction.

The County Council have power to acquire land for smallholdings, to build houses, sheds, etc., and either to lease or sell land to prospective cultivators. Considerable credit is allowed to purchasers or to tenants for the erection of buildings. Exact terms are supplied by the Council. The Council can also advance money to any tenant who wishes to purchase his holding from his landlord. The Monmouth Council has so far only established groups of smallholders on holdings of about fifty acres, but would probably have no objection to a scheme for establishing men on holdings of five or six acres, except that costs, such as those for building, would naturally be higher the smaller the holdings. The whole process of acquiring land, owing to legal expenses, cost of credit, etc., is expensive; it is also troublesome and lengthy, and Councils are unwilling to embark upon it unless for a definite scheme involving a fairly large number of smallholders. Another objection, from the Councils' point of view, is that in the event of an improvement in mining conditions, men may abandon holdings which they have merely leased, and return to the pits; this danger is particularly present where no buildings have been constructed. On the other hand, cottages are one of the heaviest items of expense. This difficulty is removed where holdings are purchased outright. The Councils require a certain capital equipment in the case of prospective smallholders—usually £8 per acre—but this might have to be increased if intensive cultivation were intended. A certain standard of skill is also usually required, but candidates recommended by local committees and examined by the Smallholding Committees of the Councils would probably pass without further guarantee. The Glamorgan County Council has recently voted £50,000 to settle men on the land, and other Councils may be encouraged by the example.

The procedure appears to be that prospective smallholders or their representatives select suitable land, irrespective of ownership, and then confer with the Council as to its acquisition. Choice of land will naturally rest with the agricultural expert, but on the organisational side there seem to be two alternatives: (1) The purchase of an estate on which fifty or more men could be settled, cottages, light, water, drainage, etc., being provided, and the men being removed altogether from their present houses; (2) the purchase of patches, or perhaps even a continuous belt of land round the existing villages, which could be worked by men living in their present homes. It might be necessary in some cases to transfer men living (for instance) in the centre of Brynmawr to cottages in the outer streets, but this could be effected by exchange, and would not necessitate fresh building. There seems no reason why both schemes should not be carried on simultaneously, the latter being especially suitable for men who are graduating from allotment-holders to smallholders.

Two systems of land-holding are possible. Either each man may deal individually and direct with the County Council, or a land-owning or land-leasing society may be formed, in which case the Council deals only with the society, and not with individuals. This is probably the most satisfactory method. It provides a joint body capable, if necessary, of receiving credit from the co-operative bank and of dealing collectively with questions of paths, water-supply, etc. It is formed by the contribution of a nominal share by each member. In the case of land-leasing, it merely handles rents; in the case of land-owning, it obtains credit to buy land and then collects the purchase money from individual members over a period of years. When this debt is paid off, the Society continues to exist for the control of communal services, etc. It would probably be best if each estate or village had its own land-owning or leasing society.

In this connection it is worth noting that the Brynmawr Town Council owns a farm (120 acres) near Clydach, which it purchased for £1,000, and might be willing to resell to a co-operative group.

*Co-operative Purchase of Requirements.*

All men settled on the land should become members of a society (in effect a consumers' society) for the sale of agricultural requirements. The procedure would be perfectly simple: all members would pay five shillings on a one-pound share; goods would be purchased in bulk and sold as cheaply as possible, having regard to the safety of the business; any profits, after payment of interest on capital and contribution to reserve, would be distributed as bonus on business done. A start would be made by ordering by truckload and distributing from the railway, but as most of the members would require goods in very small quantities, it would probably soon be advisable to establish a depot, and possibly to arrange cartage.

Two forms of co-operative distribution already exist: (a) The Blaina Industrial and Provident Society deals to some extent in agricultural requirements, and has a number of the existing small farmers as members. To a certain extent it does a counter trade with them. It might be possible to develop the agricultural department of this Society instead of starting a separate society, as there is little difference in principle between agricultural and domestic consumption. On the other hand, it might not be possible to arrange an adequate service by these means, and in that case care should be taken to form the new society without alienating the Industrial and Provident Society, which may be a valuable outlet for smallholders' produce. It would also be undesirable to sacrifice the sympathy and support of this Society for the whole scheme of co-operative reconstruction. (b) A centre has been set up at Brynmawr for the distribution

of seeds at greatly reduced prices to allotment-holders throughout the distressed area. This habit of buying seeds from one source, and that not a private merchant, should not be allowed to drop. The machinery created might very well be taken over by the proposed requirements society as soon as distribution can be put on a commercial basis. If it is necessary to carry on the semi-charitable distribution of seeds to certain persons after the formation of a co-operative society on business lines for the use of others, this development would, of course, have to be deferred.

### *Co-operative Marketing.*

Pending the report of an agricultural expert, it may be suggested that, apart from cultivation for domestic purposes, smallholders would concentrate on two or three marketable products—say, eggs and poultry, together with bush fruit or potatoes. These would require appropriate organisations to undertake sales.

(1) *An Egg-Packing Station under the National Mark Scheme.*—This can be set up as soon as it is possible to handle ten thirty-dozen cases in winter and thirty thirty-dozen cases in summer. Smallholders would form the nucleus of an Egg-Packing Society and would guarantee the minimum number of eggs. If possible, they should enter into an agreement to sell all their eggs to the Society. Backyarders, local farmers, and others should be urged to join the Society and supply eggs. The capital of the Society would be formed by members' shares and considerable initial credits would probably be required from the Co-operative Bank. Net profits (after payment of the usual first charges) would be distributed in proportion to the value of eggs supplied. The Society would employ a manager and a sufficient number of workers to candle, grade, and pack the eggs. It would probably also require a lorry and driver to collect eggs from suppliers, and possibly also to deliver a proportion by road. Some person

would have to act as traveller and secure orders amongst retailers in South Wales, or farther afield if it proved profitable. Application for registration as an accredited packer must be made through the National Union of Farmers. As this is a political body representing large farmers, it is not always the most suitable channel. There is some possibility of the regulation being modified, but, if no change is made, it should still be possible to find a local member of the N.F.U. who will take the matter up sympathetically and see it through. Full particulars of required standards, etc., can be obtained from the Ministry of Agriculture.

A further development is the establishment of a centre for fattening poultry. The pickled-egg trade is also worth investigation. The method of the Society should be to buy eggs from members either (a) paying cash by weight or (b) fixing a weekly price for the different grades, giving a receipt for eggs on collection and paying each member at the end of the week, according to the grade which his eggs have reached. The latter method is best. The Society then markets to the best advantage it can.

(2) *Sales of Fruit and Vegetables* could be dealt with by the same Society or by a similar but separate organisation. The Society buys produce from members either ready graded or (preferably) for grading at the depot. No Government grading scheme for fruit is yet in operation, but it is possible one may be introduced. Sales can then be effected either direct to retailers or wholesalers on charge, or through agents on commission. Several fairly large and successful co-operative fruit-marketing societies exist in the West Midlands, but most of these run auctions, so their experience is of comparatively little use.

(3) *Jam or Canning Factory*.—It has been suggested that a factory might be run as an adjunct to a fruit-marketing society to make use of surplus fruit in the glut season. The idea seems theoretically sound, but the only known co-operative factory in

England has not been a success. The following opinion on the matter was given by the manager of a co-operative fruit growers' society:

"The main difficulty is the absence of skilled cannery managers in this country.

"The minimum capital required to purchase buildings and machinery and finance trading stocks would be about £10,000.

"The cannery would have to hold on for two or three years, and to get its minimum output up to half a million cans before the incidence of the overhead charges would be at all tolerable.

"There is a demand for English canned goods, but it is largely in the hands of brokers (Eastcheap) who want the finest goods at the lowest possible prices, and this would not be consistent with the making of a profit at the start.

"It should be borne in mind that without skilled and experienced management and directors who are first-class business men, it would probably be very difficult to secure financial accommodation from bankers to cover seasonable expenditure, although this is the practice with established canners.

"The quality of fruit required for canning is such that it would not be possible for a cannery to take the whole production of any particular group of growers, so that the question for the cannery and the growers concerned for the sale or purchase of all their produce is not easily answered. An *established* co-operative society might do something, but I should not be hopeful that a new co-operative society could win through.

"A suitable output for a cannery would probably require 250 to 400 tons of fruit in the following proportions:

Gooseberries	..	..	..	..	15 per cent."
Strawberries	..	..	..	..	20 " "
Raspberries	..	..	..	..	15 " "
Plums	..	..	..	..	35 " "
Damsons	..	..	..	..	15 " "



(4) *Bacon Factory*.—Many smallholders would probably keep pigs, and a bacon factory has been suggested to deal with these and possibly the stock of existing farmers. Here again experience in England is very much against the attempt, as almost every co-operative bacon factory has failed. The causes of failure are fairly clear—high capital outlay at the start and an insufficient supply of pigs to keep expensive plant working to capacity. The suggestion is made on fairly good authority, however, that if existing premises could be obtained and adapted cheaply, and the factory could start on a small scale, with an assured supply of pigs, the attempt might be worth making. Its success would still depend very largely on the loyalty of members.

(5) *Dairying and Sale of Milk*.—It would seem as though in the neighbourhood of Brynmawr, on the edge of the densely populated industrial area, there was some scope for the development of dairy farming and co-operative sale of liquid milk. This is carried on in similar situations on the Pennines and the edge of the Northumbrian coalfield, sometimes by men who do not make a whole-time occupation of farming. One such society was owned by a group of miners who employed four men to look after the cows and distribute milk from door to door. In another case the society was owned by the producers—mostly smallholders and labourers with a cow or two. Milk was collected, cooled, and dispatched very largely to industrial co-operative societies who undertake retailing. These societies are regarded very favourably as farmers' customers, and the arrangement generally works better than if the farmers' society attempts retailing on its own. It may be necessary to do some cheese-making in the glut season, but this is rarely profitable. Cream may be profitable, especially if there is an ice cream trade near at hand. The recent Cream Preservatives Act has played into the hands of those who have cream to sell to a near market.

It might be worth enquiring into the possibilities of marketing angora rabbit wool, but at the moment a good market seems impossible to find.\*

*Industrial Co-operative Production.*

It seems fairly evident that smallholding schemes alone will not solve the unemployment problem in Brynmawr, and various industries have been proposed as suitable for introduction on co-operative lines. It may be mentioned that several quite successful co-operative productive societies of this type exist, principally in the boot-making, textile, printing, and baking trades. The form of organisation is generally considered especially suitable to industries in which labour costs are high in proportion to other costs.

The only existing industry in Brynmawr, apart from coal-mining and iron works at some distance, is a small boot factory. Flannel-weaving was carried on many years ago, but only one worker (a hand loom-weaver) remains in the district. Consequently there is no industrial tradition, scarcely any established marketing channels, and a very small supply of skilled labour. In this connection it seems extremely important that the boys leaving school who are receiving Government training pending employment should be trained for some definite skilled occupation which they could hope to follow in the neighbourhood, and not be given merely miscellaneous instruction. The two main difficulties in the way of establishing co-operative industries will probably be the supply of skilled labour and the marketing of the product, which will have to be "exported" from the district to a large extent. A condition which may be of some value is the

\* A small mining area in the Tamar Valley has actually been re-organised very much on the lines indicated (see Appendix A).

existence of good water power in the Clydach Valley, where the weirs of several abandoned mills remain.

(1) *Boot Factory*.—It is suggested that a small boot factory might be opened in the near future. In this case a co-operative society would be formed, having as its members those who proposed to work in the factory together with any persons able to interest themselves actively in the society. Any skilled workers in the neighbourhood would be given the chance of becoming members of the society, and would subscribe for £1 shares, paying a first instalment of 2s. 6d. or 5s., the remainder being paid up gradually out of wages or profits. The bulk of the capital required to acquire a factory and meet initial expenses would be advanced by the co-operative bank, and the bank would exercise a certain control or influence over the society until the debt was paid off.\*

\* The following Special Rules have been suggested as meeting the case:

*General Rules* 60 (4b), 63, and 64.—Having regard to the fact that the initial capital of the Society is derived from the Brynmawr Co-operative Bank, the Committee shall consist of three Committee-men appointed by the Bank, and two elected by ballot by the General Meeting. At such time as the Society's debt to the Bank shall be reduced by one-third, the Committee shall consist of three Committee-men elected by the General Meeting and two appointed by the Bank; when the debt shall be reduced by two-thirds four shall be elected by the General Meeting and one appointed by the Bank; when the debt shall be extinguished altogether all committee-men shall be elected by the General Meeting. The Manager shall be *ex-officio* member of the Committee. The Committee shall elect a President and Secretary from their number. The elected members of the Committee shall retire half at the January and half at the July ordinary business meeting, or in the case of an uneven number, the larger part in January and the smaller in July, and shall be eligible for re-election. The members appointed by the Bank shall retire annually and shall be eligible for re-appointment.

*General Rule* 106 (2).—Interest shall be paid on shares at the rate of 5 per cent. per annum or such lesser rate as the General Meeting shall decide.

The workers would receive trade union wages; the goods would be sold in the usual way. Any profits would be employed (a) in paying a small fixed interest on share capital; (b) in paying interest on loan capital, and also in paying off a certain proportion of loan annually; (c) in a payment to reserve; (d) in payment of bonus to workers in proportion to their wages.

(2) *Textile Industry*.—Technical conditions, such as local production of wool, water supply, etc., remain to be investigated; but, from the point of view of organisation, there is no reason why a small textile industry should not be started on the same lines as the boot factory. The lack of skilled labour is probably one of the chief obstacles.\* A *furniture-making industry* has also been suggested. There are no local supplies of timber, and freights are consequently of importance in calculating expenses. On the other hand, as the district's principal natural product, coal, is exhausted, it becomes necessary to make a more or less arbitrary selection of the industries to be introduced. Furniture-making, woollen weaving, and the more advanced stages of the textile industry, such as tailoring, have all been organised co-operatively. *Printing* is carried on locally on a small scale, but the conditions of training and apprenticeship may make it difficult to establish as a local industry, in spite of its co-operative suitability and the fact that many publishers are getting their printing done in remote parts of the country. *Baking* is already

*Sinking Fund*.—Not less than 10 per cent. of profit shall be set aside to form a sinking fund for the repayment of loans from the Co-operative Bank.

After meeting this and other charges set forth in the General Rules, the remaining profits of the Society shall be distributed in bonus to employees in proportion to their ages or salaries, and in such other ways as the Committee may determine.

\* See Appendix B.

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carried on by the industrial co-operative society, and is one of the branches of that undertaking which is profitable under existing conditions. It is impossible to say without further enquiry whether there is room for another co-operative undertaking in the same business.

(3) *Quarrying, Lime Burning, and Outcrop Mining.*—There are extensive limestone quarries in the neighbourhood formerly worked for building stone, road metal, agricultural lime, and for use in connection with local ironworks; little building is going on at present, but there is still some demand for road metal, and an informal group of men have begun to work one of the lime kilns. They pay a royalty on the limestone, but there is little or no other expense. There is considerable agricultural demand for lime in Wales, and a co-operative lime-burning society is a possibility. It has the advantage that it could be started immediately, and that ex-miners would be well qualified for the work.\* The same thing applies to quarrying for road metal. A

\* Information as to a co-operative society working agricultural lime at a profit was subsequently obtained. The following letter was also received from the Secretary of the Welsh Agricultural Organisation Society:

"You will be interested to know that we are just about beginning a campaign in South-West Wales for bringing the need for lime prominently before the farmers, especially those organised in co-operative societies. As far as the district I mention is concerned, the supply of lime is pretty well in the hands of one combine. A representative of this firm will submit a Memorandum to be circulated to the Society to be called to our Carmarthen Conference, probably in May. I shall send you a copy of the Memorandum when it is available.

"At present prices, which come to between 23s. and 30s. per ton delivered at the nearest station, there is not much call for lime from ordinary farmers; but if the lime could be supplied round about £1 delivered at the station or at the farm, and if definite propaganda were undertaken, then, I think, much lime could be sold. I am not in very close touch with South Brecon, Monmouthshire, and North Glamorgan, which could be 'worked' from

roadmenders' co-operative society has been suggested, which would execute contracts for the local authorities, and the idea could probably be carried out without great difficulty. A certain amount of outcrop mining still goes on, and the sale of coal might be organised co-operatively. It is doubtful, however, to what extent and for how long this would be profitable.\*

(4) *Electricity*.—If at any time it was thought desirable to supply electricity to the town or one of the villages, this could be carried out co-operatively, as has already been done in one or two cases. It would be necessary, however, to find out from the Electricity Commissioners or other sources whether the district is amongst those over which certain companies have obtained more or less monopoly rights. In the event of a society being formed, all users of electricity would be asked to take up shares, possibly in proportion to the rateable value of their house or business premises. The workers could also become shareholders, and a rule might be included specifying a certain representation of the workers on the board of management.

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Brynmawr. If it would be possible to market lime at the price I mentioned, there should be no difficulty in disposing of it.

"If your people decided to undertake burning lime, I would be very pleased to help in making it known among the farmers of the district most easily supplied from Brynmawr. It is quite possible that you could get working arrangements with the West Breconshire Farmers' Association, Chepstow Farmers Limited, South Hereford Farmers Limited, and the Hay Society. There should also be a good sale for lime in small parcels among the numerous allotment holders of the industrial area, some of whom would still be able to buy bags of lime."

\* A mining expert was later consulted, who considered that a co-operative mining society presented distinct possibilities.

## APPENDIX A

### TAMAR VALLEY SMALLHOLDINGS, 1929

THE Tamar Valley was formerly a mining area—tin, lead, silver, arsenic, wolfram, copper, etc.—and the whole population of the two villages of Calstock and Bere Alston (2,000 inhabitants each) was supported either by mining or by Tamar river transport. The men were rather a rough, improvident lot, and were mostly suffering from miners' phthisis. About twenty years ago the mines closed down one after another, and the river ceased to be used for transport on any considerable scale. There was widespread unemployment, with no alternatives for the victims but starvation or emigration.

At this point the landlord's agent, acting on his own initiative, but presumably with his employer's permission, began to try and settle men on the land. He cut an acre or two here and there off existing pasture farms and handed them over to ex-miners rent free for the first few years. He also started a nursery on his own account, from which he supplied roots and bushes, etc., to the smallholders. The men began with potatoes to clean the ground and as a cash crop; the next year they planted a portion of land in fruit and gradually increased until the whole of the land was in fruit, early vegetables, or flowers, and (in the case of the wisest) a patch of grass for a pony or to provide a change of soil in case of bulb disease.

As soon as a few were making satisfactory progress the agent got plots for others alongside established cultivators. They were then encouraged to hang over one another's hedges and pick up hints. The plots are of all shapes and run in all directions, taking advantage of the little steep warm valleys running down to the Tamar. They are not even necessarily continuous, and a map of the place looks more like a Russian or Indian than an English village. Most of the plots are from 3 to 5 acres. Where men have grown sons they work on the family holding. In other cases the owner hires a workman to help him. In this way each plot usually supports more than one family, and there is a 3-acre holding which is known to support eight people in very fair comfort. About half the population of the two villages is supported directly or indirectly by the smallholdings. It is not quite clear what the rest do, but at least there is no unemployment, and no alternative industry of any importance. The men had no

cottages on their plots to begin with, but most of them have built themselves (perhaps with a day's help from a skilled mason) very good stone cottages. Most of them keep a trap and a light horse, which can be used for ploughing when it is not taking produce to the station or market.

The growers have a co-operative association which looks after their interests generally and markets their surplus fruit to the jam factories. It has not yet prevailed on them to allow their usual supplies to be pooled and handled co-operatively. They sell partly in London and partly on local markets, and get good prices. The railway is fairly accommodating in the matter of rates. A separate co-operative organisation (apparently unregistered) has recently been formed for the sterilisation of diseased bulbs. The growers also own a factory (formed as a joint stock company) for the manufacture of all kinds of packs and boxes. Growing timber (generally elm) is bought, and the whole process carried through. The factory was started with a capital of about £5,000, subscribed locally, and employs six men and fifteen girls. In the summer the girls are sent out as pickers for the fruit growers. The factory sells to all the local growers and also some considerable distance outside the district. It may be noted that for co-operative purposes the village of St. Nicholas, which has been a market-gardening village for many years, as well as some districts in Cornwall, are all linked up together. The factory also acts as agent for all kinds of fruit growers' supplies, including coal. These were formerly purchased through the co-operative association, which seems to have become less of a trading and more of an advisory body in recent years.

The County Council has started an experiment station at Bere Alston, which employs a few men and gives valuable technical advice to the local growers. This and the regular lectures held are much appreciated.

After the war the landlord sold his land, and the smallholders all bought their plots at a price which was profitable to the landowner without being crippling to themselves. Many of them then or since added to their land. The people are now prosperous, much healthier and thriftier than in the mining days, and quite content with their conditions. Their sole interest and subject of conversation is their gardens. None of them would go back to mining, and when one of the mines reopened during the war it was necessary to bring Cornish miners to work it, as none of the local people would return to the pits. It must be borne in mind, of course, that the district is an exceptionally early one, free from frosts, and that the cultivators have a peculiar advantage in abundance of salt-impregnated leaf-mould which they dredge up from the forest-hung and tidal Tamar, and which is excellent manure.



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The present secretary of the co-operative society (Tamar Valley Fruit Growers' Association, Bere Alston) would give any further particulars. In discussing Brynmawr with him he stressed the following points:

1. Holdings should not be more than 6 acres at most, and should not be in strips but in irregular shapes, giving varieties of soil, shelter, steepness, water, etc.
2. The men should not begin with fruit only. In the event of failure it is too complete and disheartening. Chickens have not been tried in the district, and he was doubtful of them.
3. The first step should be to get one *penniless* man to start experimentally. A paid County Council demonstrator is no good—people know he stands to lose nothing if he fails. Perhaps the pioneer might be encouraged by the offer of a free holding if he could make good, but other wise he should be in exactly the same position as all the rest.
4. Accept all the technical advice County Councils, etc., can give, but do not rely on them on the business side.
5. Rely chiefly on men learning from the pioneer and one another.

*Cornish Egg-Grading and Miners' Poultry.*—A co-operative egg-marketing society was started at Wadebridge about three years ago. It had practically no initial capital, but collected funds gradually with 10s. shares, and some guaranteed overdrafts at the bank. It began grading on a system of its own and this is still carried on at most of the branch depots. The head depot, however, has launched on the Government marking scheme and hopes to bring the branches gradually into line.

The society does a considerable business with miners (china clay) in the St. Austell district. These men work short "chores" of about six hours, and have a good deal of leisure. Many of them have fairly large holdings (I did not get exact acreage, but gather that they would be up to an acre, but probably not more), and keep poultry. Their produce is of good quality (better than that from farms) and grades well. This is attributed to individual care and intensive methods. This does not mean heavy capitalisation, as the secretary explained that they could raise "splendid chickens with a couple of old packing-cases and a hurricane lamp."

## APPENDIX B

## DARTINGTON HALL ESTATE

THE following is a general outline of the objects of this experiment, in its relation to rural areas, and the lines on which we hope to develop home crafts. Among other aims it will be our endeavour to examine and develop the varied resources of the rural districts around us, to discover and to introduce sources of part or full-time employment that will augment the present low standard of remuneration in the countryside, and thereby provide a more comfortable livelihood for the rural worker.

Only in this way does it seem possible to stem the tide of emigration of the best human material from the countryside to our large towns and cities, and to make life in the country more attractive to young men and women. In order to do this we have to attack the problem from a number of different angles.

Courses such as we have just had with elementary school teachers, bring us indirectly into touch with boys and girls at an age when interests in these crafts are most easily aroused. We are hoping so to simplify some of the processes that by being in touch with the educational authorities these can be introduced into rural elementary schools, and even secondary schools, not only with a view to increasing the earning capacity of pupils, but as giving a broader aspect to an elementary education in general.

This teaching would, however, be so closely in touch with our own commercial departments, that when interest in certain handicrafts was aroused, there would be nothing to prevent pupils carrying on that interest to a point at which they might benefit economically.

So much for the educational side.

The next stage upon which we are concentrating at the moment is the carrying on of a department of research devoted to exploring the possibility of home spun and woven woollen goods as a profitable business, and, therefore, as a source of employment for country folk. As an industry, it could be carried on in small rural factories or in the home itself.

Since the beginning of the eighteenth century, whilst textile manufacture in the home was a profitable occupation, constant research into improved methods has been carried on. We find that we are having to go back to a point at which the factory system began to supplant handicrafts of the home and to drive the craftsmen into the towns, there to lose their individuality, and to concentrate upon the production of quantity rather

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than quality. It is upon this problem of quality production that our research is concentrating.

For four years previous to taking up this work, I myself made a comfortable living under very difficult conditions by weaving, finishing, and selling clothing material of various kinds. During that time I searched about me to find some economical means of spinning and dyeing my own yarns on a small scale. When the opportunity arose I decided to go to Wales and study the methods of the small textile workers, and, incidentally, to discover the cause of the gradual decline of the hand loom industry there. This cause was not hard to find. Though many were perfect craftsmen, I discovered a peculiar lack of creative power and of adaptability to the requirements of the modern world. The materials produced by some of these weavers were of such design and colour as to render them unsaleable to any but the old-fashioned inhabitants of the more isolated districts.

With one or two exceptions I found a marked similarity in the products of all the small towns and factories up and down the areas explored. I visited in all some forty small businesses. This similarity was due not so much to any co-ordination between individual workers, but rather, I should imagine, to the local demand of thirty or forty years ago.

After a careful study of the methods in this area, we have been able to make some useful alterations to the old-fashioned hand loom, and our research has carried us to a point where we are prepared to establish a small unit for the dyeing, spinning, weaving and finishing of woollen materials from fleece.

The development and success of such a rural industry will, however, depend upon:

1. The distinctive quality of the goods produced.
2. Taking the fullest advantage of the capacity of the hand loom as opposed to the power loom to produce variety in high-grade materials.
3. Expert advice in matters of artistic colour and design.
4. The fullest advantage being taken of the opportunities offered today by the ever-increasing tourist and holiday-making public of developing a market direct to the consumer.

As soon as our manufacturing unit has become self-supporting and can show a margin of profit, our books will be opened to inspection, and we shall offer instruction in the craft both to individuals (who will join us as apprentices) and to classes in the neighbourhood. Subsequently those who wish to carry on the craft will be able to obtain from us such materials and appliances as may be necessary.

We feel that the interest of these students will best be awakened by the profitable sale of something they have produced, and that this sale will give the incentive for further production. Everything will depend upon adhering to the highest standards, since only in this way is the development of real artistic sense and pride of craftsmanship to be made possible.

These are, in brief, the lines upon which we hope to introduce home crafts on a sound commercial basis.

In the course of discussion on Brynmawr, Mr. FitzPatrick, the Estate's weaving expert, suggested the following form of organisation:

A textile industry should be started with a small but complete unit, capable of undertaking the whole process from raw material to finish. No group of weavers only, depending on bought yarns, is likely to be successful. For this purpose a thoroughly competent manager is required—not a novice, but someone who has been engaged in the hand-woven textile trade for some time. The building required would be something of the type of a village hall, capable of holding three or four looms. Power would be required for spinning, so a waterside site is desirable unless electricity is likely to be available. About £500 initial capital would be required. Three men (trained) should be employed to start with, one spinner (who might very well be one of the old men formerly employed in the Welsh textile industry, as no initiative is required) and two weavers. Dyeing, finishing, etc., should be carried out by the manager and the spinner. The factory would then be in a position to take one or two apprenticed learners.

The unit factory should be organised as a co-operative society on the same lines as the boot factory; as the apprentices became competent, and more yarn was needed to supply them, any additional spinners, finishers, etc., should be included in the staff of the unit and the membership of the co-operative society in the ordinary way. Mr. FitzPatrick was inclined to think, however, that a large factory of weavers, earning fixed wages, and having no responsibility for the sale of their work might not be altogether satisfactory. He suggested as an alternative, that as apprentices became competent weavers they should set up with looms in their own homes and merely get their yarn from the unit factory. In this case they could still be members of the co-operative society which would be a supply society, in just the same relation to them as the seed-supplying society is to the allotment-holder. It could also market their product—Mr. FitzPatrick suggests their surplus product only, as he thinks individual marketing is an incentive to individual effort and originality in design. At the same time there are obvious difficulties if the factory is only to market

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an uncertain supply of unsaleable goods, and the whole problem wants very careful consideration. It can also be objected to the idea of setting up looms at home, that this revives all the evils of the old domestic industries.

If the factory is by a roadside it should arrange to have a shop window showing goods. It should cater for the London and tourist trade in the best-quality goods. It should turn out goods of a high finish, not of the rough "art-and-crafty" type. Originality of design and enterprise in marketing are essential. Mr. FitzPatrick is also engaged in collecting and perfecting simple machinery for the various processes. He thinks, however, that sufficiently suitable machinery for a start could be picked up in Wales.

## SCOTLAND

### I.—THE YEAR'S RECORD

LAST year the record of Agricultural Co-operation in Scotland dealt mainly with the Milk and Wool Agencies. One or two other developments fall to be noted this year; but in the meantime the fortunes of the two main agencies are worth following.

In the autumn of 1928 the controllers of the Milk Agency sought to bring in the dairy farmers selling milk to the two large East Coast cities, Edinburgh and Aberdeen. In Edinburgh conditions are complicated by the existence of a large number of town dairies, the owners of which may be said to be producer-distributors—at least they are producers to the extent that they own dairy cows without having dairy farms, and get most of their fast feeding from the suburban farmers. It is not unnatural that they should think that the Milk Agency had less to offer them than to dairy farmers living in country parishes well away from central markets.

In the case of Aberdeen, however, the dairy farmers, of whom there are about 300 sending milk into the city, agreed to come into the Agency, and arrangements were made with the local distributors as in Glasgow. The Agency naturally wished to bring into its fold as many dairy farmers as possible, as within Glasgow there were several consumers' co-operative societies seeking their supplies independently of the Agency.

About the same time the Agency were settling prices as between producers and distributors for the forthcoming year. The price per gallon was to be raised to the consumer from 2s. to 2s. 4d. over the four winter months, November to February; to remain

at 2s. for March and April; and to be 2s. for May, as against 1s. 8d. in May during the previous year; and in October (1929) the price was to go up to 2s. 4d. instead of 2s. It is true that milk prices in Glasgow had been low, and that for years the small dairy farmer in the West of Scotland had been working hard for his money; but the *Scottish Farmer*, which has been friendly to the Agency, warned its members that "it might perhaps have been as well to have avoided raising the price to the consumer so soon after the institution of the 'Pool.'" A critic might have fastened on the fact that the margin to the distributors had increased, as well as the price to the consumer rising from an even 9d. to 10d. in the months from November to February, to 1s. in May, and to 11d. in August and October. No very pronounced protests were made, however, by consumers at the time when the prices were raised.

In January, 1929, the first Annual General Meeting of the Agency was held in Glasgow, and the Chairman, after stating that by the end of October, 1928, there were 1,603 individual members and 515 creamery members, that during the year ended at October 31 the Milk Agency had handled about 19,000,000 gallons, "which exceeded the demand for liquid milk in the Agency's area of operations by 3,850,000 gallons," proceeded to comment on the work of the Agency, and said that the great task before it was to dispose of the surplus milk.

The existence and success of the Agency has, in fact, stimulated the production of milk, so that in the absence of economies in production or distribution it might be inferred that the price would have to come down, and it was obvious that at the General Meeting there were some who failed to realise that the members as a whole must take their share in facing the risk of the surplus. For a time some of this was disposed of by sending milk into England, which step came in for some criticism; but it could hardly be resented in view of the unorganised state of the pro-

ducers' side of the trade in England. Indeed, during one of the frosty periods of the winter when supplies were failing in England, retailers applied to the Scottish Milk Agency for "accommodation" milk, because they knew that it was an organisation that was controlling surplus milk.

The strain of dealing with the surplus began to tell on the Milk Agency, and it would not perhaps be unfair to suggest that the surplus was not diminished by the higher prices prescribed for the winter; or, at least, as the *Scottish Farmer* put it in an article written in the spring: "The higher the price for liquid milk the greater is the liability on the Agency for the difference between the marketing value and the liquid milk price."

Further, two of the consumers' co-operative societies in Glasgow which had kept aloof from the Agency reduced prices in the spring, so that the Milk Agency had to follow them. The producers selling to these societies were naturally blamed by the friends of the Milk Agency; but, on the other side, it may be said that the two co-operative societies were supplying the East End of Glasgow, and that under the scale of prices adjusted by the Agency and the distributors in October, the high price fixed for May was to go largely to the distributors. They were apparently ready to forgo a high distributors' margin.

In the meantime the Agency had paid £16,000 to its members by way of carrying out the undertaking to pay for so much of their supplies at the price for liquid milk. The manager stated at one meeting that they had paid 8d. and 8½d. to producers at a time when they were only realising 5½d.

Two meetings were held (at Paisley and Ayr) at which the Chairman explained the situation to members, and told them why the price had been reduced and the levy doubled. He complained that members seemed to think "that the Agency is a kind of large-scale distributor who is making enormous profits at the



expense of the producer, or that it is a kind of conjurer's hat out of which an inexhaustible supply of money can be drawn regardless of what is put into it. The Agency is simply the members who constitute it. Its funds are the property of the members."

A necessary reminder, no doubt; but when a co-operative undertaking is called an Agency, and when a great number of farmers (not farming on a large scale) are quickly brought into such an organisation, and when the business is of a rather difficult and complicated character so that it has to be left mainly to the Committee, is it to be wondered that the individual member is apt to think of the "Agency" as something alien? Still, the explanations, on the whole, were taken in good part; the recent increase in the production of milk in Great Britain, owing to better seasons and the low price of cheese, were reasons that could be understood.

It was clear that more active steps would have to be taken to dispose of the surplus by treating it as raw material for working up into milk products, and for this purpose the Committee proposed to acquire the Co-operative Creamery at Stewarton, Ayrshire.

### *The Scottish Wool Growers Ltd.*

This Association has made steady progress during the past year, and the number of the members and the quantity of wool consigned show a considerable increase. At the beginning of 1929 the Association were able to say that the interest earned on share capital was 18½ per cent. The Association now have premises in Glasgow at which they are able to store wool.

*Marketing of Meat.*

The Border farmers have recently set up a co-operative slaughter-house at St. Boswells in Roxburghshire. This is interesting as showing a recent tendency among co-operating farmers to prefer collective marketing involving but little "processing" to co-operative production; the setting up of a bacon factory in the same district has been discussed a great deal, but finally abandoned. St. Boswells is a village, but an important agricultural market especially for sheep; further, it is on the main line from Edinburgh to Carlisle which goes through the Border country, and from St. Boswells station branch lines go off to Kelso and Jedburgh, and through Berwickshire to the main East Coast line from Edinburgh to Berwick.

Premises were acquired for the slaughterhouse quite near the railway station. It is stated that since the beginning of its operations the Society had handled on the average about 1,000 sheep, 60 cattle, and 50 to 100 pigs a week. Most of the meat is sent to Smithfield, but a fair amount to Glasgow, Edinburgh, and consuming centres in the West of England.

*Marketing of Eggs.*

There have been in existence for some time a number of small egg-marketing societies in the North and North-West of Scotland, mainly in the islands. The small Orkney farmers and crofters in particular have been successful in organising the sale of their eggs in southern markets, and they have to a certain extent used the Scottish Farm and Poultry Produce Federation at Leith, a central selling agency formed in 1912 by the Scottish Agricultural Organisation Society.

Recently the Scottish Agricultural Organisation Society has set itself to forming rather larger egg-selling societies on the main.

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land. Societies have been formed at Turriff in Aberdeenshire and at Perth, and more recently at Edinburgh, the latter being designed to collect eggs from the South-East of Scotland.

The formation of the egg societies has happened shortly after the Department of Agriculture had issued regulations for the testing, grading, and packing of home eggs. The use of a national mark was prescribed by societies and individuals agreeing to comply with the regulations. The adoption of a process of grading is thus being encouraged by State intervention independently of the organisation of co-operative marketing.

Something of the kind has happened lately with regard to the grading of meat at Aberdeen. There is no necessary defect in such a procedure, and during the session of 1928 an Agricultural Produce (Grading and Marking) Act was passed for Great Britain which placed certain duties on the Agricultural Departments; but it should be kept in view that marking and grading do not stand by themselves, but are part of a whole process of improved marketing.

H. M. CONACHER.

### II.—A SCHOOL OF RURAL LIFE

[Barbreck is an estate in Argyllshire on which, during the lifetime of the late Master, James Campbell, the fellowship of the clan was a reality and an aspiration. Contact with wider needs and ideals of rural progress seems to have germinated what may be the seed of a Scottish movement such as that which gave Denmark its Folk High Schools. The Horace Plunkett Foundation has been invited to collaborate with those who are acquiring the property in order to cultivate that seed, economically by the co-operative development of the estate and the farms on it, socially in the manner outlined in the following article by Dr. Arthur Geddes.—ED.]

The Barbreck School or College should be a practical school of agriculture and of the arts of rural life, for the sons and

daughters of farmers and crofters of the West Highlands. Its foundation should be the practice and theory of agriculture, based on the sound economic working of Barbreck Home Farm. Students would divide their main working day between work on the Home Farm and the study of the reasons governing its practice. With this should go the enjoyment and study of whatever practice can be shown to quicken Highland life today. Much of this work may be done in the form of Ceilich—*i.e.*, they should combine the spirit of social gathering with study and with "self-expression." Games for both sexes must also find their right place for the recreation and the team spirit they bring about.

From the start the confidence of the students as co-mates in the work should be won. They should be asked to consider practice and curriculum, and to suggest improvements, both privately, as it were, or directly to their teachers and leaders, and also as a body after discussion and agreement among themselves. In this way it should be possible for them to learn the art of co-operation, combined with initiative and thoughtful self-expression. It should also be possible for them to recreate the right spirit of hard work on the farm, of active thought, both outdoors and indoors, and the faculty not merely to dream and scheme of a finer rural life, but to take the first steps to realise the best ideals of the Gael in a new way.

The experience of the agricultural adviser, Mr. Davidson, among the sons of farmers, makes him think that from ten to twenty students would be found each year ready to attend a four-months' winter course, half of each day with practice, half with theory. A three-months' spring course for girls might follow; the remaining summer quarter would be partly vacation and partly summer school for people of Highland sympathies from beyond the district, and for local and other Highland teachers.

The practical difficulty, that the farm work must be carried on throughout the year, could be met by keeping on some of the students to work whole time for the rest of the year, or by bringing in young people needing farm experience. These should have sufficient leisure at other than the busiest times, to carry on some reading and make notes of agricultural practice. As far as possible they should maintain a share in the cultural life of the College throughout the year.

Students should be recruited mainly from the farms of the surrounding country, but there need be no exclusive mark. Lads and lasses from further afield might also come in, as long as either the conditions they come from are not too different, or their aims and future are genuinely connected with the Highlands. The best traditions of the old chiefs, of leadership, not merely in war but in peace, suggest that those might be renewed if the sons of chieftains round about came too and learned to work alongside their neighbours and clanfolk. In the old days the fellowship of the clan had an enduring warmth. In these democratic days it should be possible to recover this, and to give young men of education and social advantages, with the corresponding responsibilities, the chance to renew in labour and leadership their lapsed prestige, and with it win to a new loyalty and a finer clanship.

An alternative, offering fine possibilities but needing careful handling, would be not to separate men and boys from young women and girls, but to have them together and form one community. This, like other questions, would depend greatly on the staff. The staff should have experience of Highland farm life, and sympathy with and knowledge both of Gaelic tradition and of the best rural achievements of Denmark and Ireland, of Great Britain and other lands. The Chief or Leader, would need at least one capable Second, to give with him the needed leadership and the fundamental agricultural teaching. A capable

working Farm Grieve or Manager will naturally have immediate charge of the farm, and direct the students at work. While boys at work tend to be irregular when not under direct supervision, the sense of responsibility will be developed by gang or team work, in which students in turn take the leadership of a team, and report on the work.

A capable Matron must direct the household, teach in a practical way some of the elements of house care (even a little to the boys), and share in upholding the spirit of the house. The staff on the women's side will depend greatly on the number of girl students who come forward, also on whether the male staff were married, and on how far their wives were able and willing to help. So small a staff will need some support from outside when the students are in full force at the College. A larger staff, on the other hand, would be idle part of the year. They would, moreover, be out of the question for most Highland districts, even if one great centre were organised, like "The Gaelic University" proposed by the Iona Society. Outside help is therefore needed.

It will be difficult to make regular courses of high standard in a country place like Barbreck. This would be a serious drawback unless we can turn it to opportunity for the students and their neighbourhoods. Modern method no longer insists on regular courses continued in a weekly dribble from beginning to end of the session, but recognises the value of short intensive courses to waken the pupils' minds to vigorous interest. That is found to elicit more strenuous effort and to encourage group interest, discussion, and united work.

Thus, while farm and with it agricultural teaching must continue steadily from beginning to end of the student's stay, intensive courses should be given, to alternate as opportunities arose with some more specialised side of practical work or agri-

cultural theory. Such courses should include science, drama, speech, literature, arts and crafts, and music. An intensive course would not mean that the matter should be dropped when the visiting "Initiator" leaves. On the contrary, those whom the subject has specially interested can, if encouraged by the staff, fellow-students, and neighbours, carry it on themselves, and make it a special feature of their own work, and a contribution to the productivity of the place.

### *Science and its Outlook.*

Let us take instances that have already arisen. There are among the country agricultural organisers and teachers many thinking men and women accustomed to put their thoughts in simple language. They can help better than any to link up the progressive and enlightened study of evolutionists like Arthur Thomson with the biological facts of feeding and breeding, of the nutritive and reproductive cycle of plant and animal existence, of heredity and environment, whose fundamentals are part of the farmer's daily life. The ordinary textbook does not attempt this, and the farmer remains ignorant. Yet it is well known how Darwin's studies of evolution were aided by the experiences of domestication and breeding. The writer's own understanding of broad biological principle was immensely aided by the simple explanation given him by Barbreck farmers of the use of varieties, as of oats—one better for seed, the other for straw, the one suited for drier weather and the other resisting the wet: each an expression of the balance of nutrition and reproduction, combined with the adaptation to seasonal environment. The older farmers never heard those words, and may be too old to learn. The younger ones, however, may grasp biological principle firmly, if simply put. They will be better farmers for it. Thus ignorant labourers among them will become fewer, and

the thinking peasant of the best Scots type become more and more the normal man.

As for biology, so for the physical and social sciences. Weather science, where weather is all-important, will appeal to the thinking student, as he compares the daily meteorological chart with yesterday's weather and tomorrow's forecast. The chemistry of the soil and rocks, the shape and slope of one glen and another, may bring about an interest in the story of the earth. All regional survey or study of Barbreck will be the means of making science live in the young people's minds.

Social science, the study of mankind in the family and in groups of all kinds, great and small, is winning recognition. Thoughtful working people especially keenly feel the need of understanding their fellow-men. Extra-mural teaching is meeting this need in the cities, and is beginning to do so in the country. We must not fall behind, but rather, if possible, lead.

Furthermore, the relating of biological principles with those of the evolution of the mind tends to give an understanding of the higher levels towards which science is reaching, tending towards the concepts of the philosopher, and even of the divine. It is right that young men and young women, brought together to better their countryside, should also be helped to understand the greater progress of Man and the Universe.

On the whole, the rising generation is greeting the decline of severity in theological dogmatisms with a sigh of relief, as a delivery from old quarrels that rent the community and darkened the joy of life. Yet it is needful and right that the old Scottish intensity, with its questioning rigour and its fervour of faith, should be renewed in the coming generation, it may be in a yet finer, more understanding, and more and more harmonious spirit.

The best of the ancient traditions of the Gael—in song, speech, and music, for self-expression with community life—will help



to restore the needed balance. The spirit of the finest clanship must be understood as that which brought harmony within the glen, and be redeemed from the misuse for war. The heroic Ossianic tradition of the old lay found a finer complement and harmony in the lives, the poems and tunes of the saintly men and women of Iona, whose memory is still revered, and which may again shine brightly for us all. From earliest days to ours, the tradition of the Gaels has been enriched by the bards. Among them should be numbered the countless men and women who blessed fireside and field with songs of which the beauty is treasured in such volumes as the *Carmina Gaelica* of the late Alexander Carmichael, and renewed by singers like Mrs. Kennedy-Fraser and writers like the Rev. Kenneth MacLeod. The help of those is now timely for the Highland people, who have too long been losing, or have even been forbidden, the consolation and healing power of the ancient songs and tunes, to choose out and keep alive the best of them again.

On the Barbreck Estate and in the immediate neighbourhood a number of older people, like Mr. Archie MacLulich at Acharoinneach, still maintain the Gaelic and encourage an interest in its literature: and many of the younger people can understand a Gaelic song and raise the chorus. With good leadership the younger people are very ready to do more. Even if Gaelic is to disappear, the choice and selection of living translations set to song can keep its tradition alive. These will also help to spread the tradition to brother Scots abroad, since its spirit is still held dear, although for them Gaelic seems an impossibility.

Both in winter and summer our school or college can help here. In the old days, harp, pipe, and violin were the delight and pride of all in the Highlands. At Barbreck there are several violin-players who rejoice in playing together for Gaelic melody with some guidance, as well as the strathspeys, reels, and jigs

they all play for dances. The teaching of the viola (or tenor violin) will also revive an old tradition, and give interest to their playing together, a custom that Mr. Archie MacLarty, junior, Craigdubh, and several others are anxious to develop. Mr. MacLean, farmer at Learg, Fhaoileagen, and piper to Macdougall of Lunga, is a noted player, and would be a fine teacher for marches, and strathspeys, and reels, and for pibroch too. The Piobaireachd Society would also encourage piping. For the harp, third of the great triad of Gaelic music, Miss Isabel Bonar Dodds of Edinburgh has expressed her desire to help us to revive a great tradition. With her aid we should indeed be fortunate. In these ways the young people of the College and of our community may hear and learn the music of the Gael.

The practice of arts and crafts may be possible. Weaving was begun at Barbreck, and with encouragement could go on. Spinning is also practised. The wearing of the homespun and of the tartan, which is still maintained by one or two, would naturally spring up again among youths and maidens, as they felt once more its beauty and took pride in it. An estate joiner will be needed, and he should be able to take on a student for a time, or train an apprentice, and taste might be developed along with efficiency. The smith at Barbreck did artistic ironwork for Mr. Campbell in his day, and the friendly smith at Ardfarn might possibly do the same. The handling and repair of machinery must also take its part in the agricultural side. On the artistic side, Celtic design should be encouraged, and for this the old carvings in Craignish, Kilmartin, and other parishes furnish beautiful old designs, which the people could feel were their own once again. Friends like Mr. John Duncan, R.S.A., or Mrs. Alexander (the Celtic Workers' Guild) would be ready to help.

# IRELAND

BY

H. F. NORMAN.

## I.—THE IRISH FREE STATE

STUDENTS of agricultural co-operation in the English-speaking nations are aware that whilst, tested by purely statistical methods, Ireland's contribution to this great world movement is not and cannot hope speedily to become imposing, there are two significant facts in its development which justify the exceptional attention directed to it by Dominion, Indian, and foreign observers and enquirers. The most outstanding of these, if commercial tests are applied, is the grip which co-operation has taken of our most valuable agricultural product, butter. It is gratifying, therefore, to be able to say that our co-operative creamery balance sheets for 1928 gave evidence of a general though not a universal increase in production, that the 1929 butter season, not fully completed as I write, has shown further progress in a gradually lessening percentage in the price-margin between Irish butter and that of its few formidable competitors, and, further, that co-operation's conquest of the areas suitable for dairying, though not yet complete, has advanced steadily during the year. Particulars of the Government's scheme conducted in close collaboration between the Department of Agriculture and the I.A.O.S. for enabling the Irish farmer to control the butter-making industry have been given in the 1928 and 1929 *Year Books*, and need not be recapitulated here, but it may be of interest to add one additional fact to the history of the supersession (at an agreed

price) of the principal proprietary butter firms by existing or new co-operatives through the setting up of the Dairy Disposal Company.

Purchase did not necessarily involve the utilisation, by an existing and sufficiently "found" co-operative society, of the premises and equipment of each retiring proprietor. In many areas, competition between proprietors and co-operative societies had led to the erection of buildings and plant, some of which, whilst just "paying their way" during their competitive co-existence, must inevitably become superfluous if, as has now occurred, competition ceased and a single unit (the co-operative) became the accepted, natural source of intake for the milk of the area and for its manufacture into butter. Such premises, no longer of use as creameries, were closed, and such equipments, for which buyers must prove to be few, were sold for the best prices they could be expected to fetch. The farmers' societies took over at reasonable prices so much of these properties, indeed, as they could lucratively use, but, to bridge an obvious gap, the Government asked for, and received, votes amounting to well over half a million sterling from the Dail. As I write, the transactions thus sanctioned and for which the Dairy Disposal Company are the agency, are still being carried on. Up to October, 1929, the amount of property sold was valued at £150,000; the number of new creamery buildings taken over was one hundred and fifty-six, and the average quantity of milk dealt with during the season of 1929 may be estimated for each creamery on an average as over a quarter of a million gallons in the year, the butter for which farmers will have received 6½d. per gallon, or say £1,000,000. This forms an important and permanent addition to the co-operative dairying output. To estimate the increase in the turnover of the co-operative dairying movement for 1929 fully, however, it is necessary to take into account other new co-operative

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production besides that due to the conversion of the proprietary businesses into co-operatives under the Government's scheme.

"Conversion" in another sense, it may be remembered, was discussed in the 1929 *Year Book*, where it was stated that changes in the outlook of farmers not hitherto favourably disposed towards dairying were also taking place. In parts of the West of Ireland, where milch cattle were not previously considered "a paying crop," as well as in the home counties, where dairying has begun to invade areas hitherto mainly dedicated to the raising of grain and the grazing of beef cattle, new buildings have begun to dot the landscape, and the hum of the pasteuriser and separator is heard in the land. When all these additions to the co-operative dairying industry—statistical particulars of which cannot be available before this article goes to press—are allowed for, there is an important increase over the preceding year's business, though it is difficult to calculate its actual extent. There is every reason, too, to anticipate that creamery business is destined rapidly to increase in a new direction. As I write, a statement is published that butter heretofore made on the dairy farms, and subsequently blended and sold as "factory butter," will come under Government regulations next year (1931) similar to those now in operation for all our exported creamery butter. Although nominally the right to manufacture factory butter will remain unaffected, it is certain that within a relatively short while this must result in the opening of new co-operative creameries; the transfer from the present unregulated methods to a carefully devised and vigilantly checked system will follow or precede the issue of the regulations, and virtually all the butter manufactured for export and sale will be made in creameries.

*The Marketing Problem.*

But is not the quality of this dairying co-operation, it may be asked, open to question? The reply will depend on the standards of the questioner, and if these demand perfection (so far scarcely attained even in the most nearly perfect co-operative communities) the answer must be: "In some cases, yes." Quality cannot, of course, be quantitatively measured, but a rough-and-ready test of the efficacy with which co-operative principles are acted upon by our co-operative creameries may be found in a year's progress of the Irish Associated Creameries. The percentage of the creameries selling their produce through this federation, and thus acting logically, in continuing the curve which begins when individual farmers join a society, a curve which cannot "come full circle" until all the societies are joined in the marketing body, was about 80 per cent. The excuse for creameries remaining outside is the same which may be made for any person pledging himself to a course he knows to be ultimately to his own interests (but perhaps temporarily uncomfortable), and then breaking his promise: it is a wrong and shortsighted, though not unheard-of course to take. If a competitor of the I.A.C., hoping to cripple it, offers a creamery a definitely higher price throughout a season than it is found to be paying, will the creamery resist? Not always. If it thus gives its trade to a trader hostile to the federation, is that to be construed as hostility on the creamery's part? Not at all! By such plausible reasoning, it seems, a small proportion of our societies have been misled. The flaw in the reasoning is that to act unco-operatively under co-operative auspices is not only bad co-operation; it is bad business. If all creameries acted likewise, there would soon be no federation to keep up the price for the defaulters. Of course, if every creamery joined the federation

and none defaulted, the Irish farmer would come into his own; his society would improve its financial position, and the Irish butter-making industry would soon be placed at or near the top of the exporting nations. It is a remarkable and promising fact that the dissident fraction of societies should be so low as 20 per cent. But nothing less than 100 per cent. federationists, handling 100 per cent. produce, is enough. And whilst the commercial position of the I.A.C. in 1929 has proved unassailable, whilst its production has increased, its reputation is enhanced, and its claims justified, that Irish butter has, through its working, been brought nearer to the price position warranted by its quality, it is not surprising, though it shows a defect in their vision, that some of its supporters feel aggrieved that they do not share in the temporary lure of the increased price offered by traders willing to lose a little today in the hope—we trust a vain one—that they will get more than their own back tomorrow—and at the expense of those now abetting them. The dissidents may enable those hostile to co-operative federation to retard the formation of a 100 per cent. organisation, an ultimately sure feature of Irish dairying co-operation; but in doing so they run one or more of three risks: undermining the ground beneath their own feet as well as that of those who are building a fortress for the protection of all the co-operatives; exposing themselves to the chances of legislation similar to that initiated in countries where marketing organisation is determined by majority rule; and—this at the least—tarnishing the just reputation of Ireland as a co-operative seed-bed and, incidentally, their own.

### *Creameries as Credit Agents.*

Before leaving the dairying side of this study, mention must be made of a new direction in which agricultural credit is being applied to the industry. The scheme for restocking lands

denuded of stock through fluke disease by loans advanced to credit societies by the Department of Agriculture (previously referred to) was of a temporary character, but had suggested possibilities of further developments to follow upon its conclusion. No more loans of this character are being advanced through the Department, as agricultural credit is now being dealt with by the Agricultural Credit Corporation. That body has now sanctioned a new scheme to be put into operation, through the I.A.O.S., by approved creameries. Under the scheme, dairying societies may borrow from the Corporation, the amounts advanced being paid over to applicant borrowers, members of the Society, who can obtain loans of limited amount for economic (agricultural) purposes on a joint and several undertaking in which two sureties "stand in" with the prospective borrower, who agrees that repayment may be made through deductions from the milk payments which periodically fall due to him as a milk-supplying member of the creamery. The latter makes itself responsible to the Corporation for the repayment of the debt. There is a sub-committee attached to the borrowing creamery to consider and endorse (or otherwise) the applications for advances sought by members, but each recommendation to the Credit Corporation is made by the Committee of Management, with whom, of course, the power to make or refuse the advance lies.

This scheme is in its earlier phases, but it is hoped that it may result in making the financial position of creamery members easier, enable them to add to their cattle and thus to their milk supply (with ultimate benefit to the trade turnover of the creamery), or, alternatively, may enable farmers to get more or better seeds, manures, or other agricultural requisites for cash, the absence of which often seriously limits the scope, source, and quality of their purchases. In spite of a certain degree of shyness on the part of dairy farmers, who do not always care that their neighbours



should participate in a knowledge of their circumstances, a shyness arising from the isolated conditions under which Irish farmers work and live, there is ground for believing that this scheme will help indirectly to increase our dairying business.

### *Other Co-operative Business.*

The most significant fact about Irish co-operation, however, does not turn on the butter sales for a particular year, and has never, in the present writer's view, been ponderable in scales to which specific weights or measures apply. This applies even more certainly to businesses other than dairying. Tentative beginnings, upon which a generation of effort has been spent, in co-operative credit, in the application of co-operation to flax cultivation or egg production or the purchase of pigs and sale of bacon, have had small results, it may be said, if judged commercially; though this generalisation is by no means uniformly true. Northern Kilkenny Co-operative Poultry Society, for instance, handled a turnover in its small area of £25,260 for the year ended December 31, 1928; and the three bacon factories mentioned in the last *Year Book* do a good business. During 1929 over £100,000 was on loan to members of the co-operative credit societies. There are big businesses done in eggs by many creameries. The indomitable work of the Templecrone Co-operative Agricultural Society, already described, continues, and a few days before this article is written I hear of the excellence of this Society's woollen fabrics as absorbed by a willing American market.

### *The Wholesale Society.*

Then, of course, there is the large and important place filled in the businesses of the non-dairying societies by the Irish Agricultural Wholesale Society. Its trade for 1928 amounted to

£597,481. Concentrating within it most of the business in seed, manures, feeding-stuffs and other agricultural and many domestic commodities done by the agricultural societies for their members, this federation purchases in bulk from the C.W.S., Manchester, supplies which enable the farmer to obtain these requisites from his local society at as near bed-rock terms as possible (*i.e.*, whole-sale terms less costs of working), and—what is even more important—to act as a bulwark against those incursions from the angry seas of anti-co-operative trade which, in the early days of the co-operative movement, once threatened not only to swamp many a small and newly launched co-operative barque, but by the device of a boycott even to sink the farmers' whole little fleet, ship by ship. The I.A.W.S. thus offers the same kind of protection to the co-operative agricultural societies as the I.A.C. offers to creameries; it is the bond federating them into a single whole. During 1929 it has added to its form of protection a new service, by inspecting and advising those of its constituent societies (being in affiliation with the I.A.O.S.) which care to avail themselves of it.

### *The Co-operative System.*

None of these undertakings, considered singly, with the exception of the last named, may seem statistically impressive to readers accustomed to big business; their impressiveness is due primarily to the fact that each of them is based upon a fully thought out scheme issuing in a practical effort to place the producer in control of his own business, large or small, and to deliver him, and incidentally the consumer, from the tyranny of unnecessary middle interests. Our farmers are accustomed to "small profits," but not to the "quick returns" which are held to be their commercial justification. In their business, so vital to national existence, where both a wide margin of time ("lag")

intervenes between manufacture and sale, and a wide "spread" separates the producers' price from the consumers' and acts as a deterrent on the activities of both, a technique for reducing the spread is essential. (The "lag" cannot, indeed, be reduced, but thanks to co-operative credit, it is possible to bridge the gap it causes.) It is our claim that such a technique is understood and practised in Ireland, is definite enough to be worth study on the spot, and flexible enough to be adaptable to other forms of agricultural activity besides those suited to our conditions. Our societies cannot claim to be models of perfection, though many of them will bear critical examination, but we submit that we have made a small working model of a machine whereby production can be encouraged, credit improved, distribution economically effected, and through whose working the farmer can gain an insight into both the advantages and the pitfalls of democratically administered business. The co-operative movement in Ireland does not, indeed, work with the automatic regularity of a perfect engine, being, at once, more and less than a piece of economic engineering. But, if we have to admit human and economic weaknesses in this society or that, to acknowledge, for instance, that our "store" business emerged from the bad years seriously damaged, or that flax-growing has received so serious a setback that its future is unpromising, it can be shown that such flaws are incident not to co-operation, but to imperfect business traditions or to outside influences (*e.g.*, the depression in the linen trade); and it remains that each of the means adopted for ameliorating the lot of the Irish small farmer has proved its potentialities, and that the I.A.O.S. has devised as complete a system in its societies' rules, constitution, and practical organisation as—so far as we are aware—exists. Its examples have been copied, sometimes in whole and sometimes in part, in other countries. Thus visitors can find within an easily visited area

the active prototype of a co-operative agricultural system in being which (no less, perhaps, where human material is not yet so efficiently disciplined as to make the local co-operative society the perfect example we aim at, than where we can point to prolonged success) is valuable for study. Only in this way can I account for the continued attentions of English-speaking visitors from overseas, who leave Ireland with a convincing asseveration that they have found what they were seeking. Courtesy of speech, which their native politeness makes natural to them, no doubt prompts this tribute, but they do succeed in inducing us to feel that their eulogy is not without foundation on fact.

## II.—NORTHERN IRELAND

The outlook for agricultural co-operation in Northern Ireland has visibly improved since the period covered in the last *Year Book*, and the hopes there indulged in for a closer relationship between co-operators and those responsible for the agricultural policy of the State have proved justified. During 1929 the Government's grant in support of the work of the Ulster Agricultural Organisation Society was increased from £200 to £700. This practical endorsement of the Society's work not only enabled it to extend its activities by the appointment of an organiser (an appointment essential to the effective discharge of the Society's functions, and which absorbed, including travelling expenses, the additional £500 thus obtained), but it gave to the societies and their parent body evidence, previously lacking, that their work was recognised as a factor in keying up organised farming in the Six Counties. This was an important moral gain, for in this way thousands of farmers have been brought to realise that the work in which they are engaged is valued by those in authority. Many of them

had felt that the State was not seriously concerned in considering the co-operative solution for the troubles of the small farmer, and are pleased to discover their mistake. The moral results of a closer relationship to the State are thus of greater benefit than the material. Indeed, on the material side, there is still a wide margin to be covered which separates what the U.A.O.S., with still inadequate funds, can effect from the potential advantages which, if it were properly endowed, it could bring to Ulster farmers. This is not the place in which to enquire how much further it would be just and reasonable for the State to go on helping the Society to obtain adequate finances. I can only remind readers that, whilst in theory, farmers ought to do this themselves, the history of farming conditions in other countries shows that the choice lies not between adequate and inadequate voluntary aid for farming organisations, but between "State aid for self-help" and complete State support, the latter tending to or actually producing State domination—a condition undesired in Northern Ireland, and probably undesirable in any self-respecting and self-governing organised farming community. But that the co-operative farmers in Northern Ireland give nearly all the support expected of them may be fairly deduced from the fact that 90 per cent. of the societies pay the prescribed affiliation fees to headquarters, and that the total so paid (about £800) in the financial year 1928-29 is an increase of 25 per cent. on the previous year.

I prefer, then, to stress the moral value of the increased financial help given to the U.A.O.S. in Northern Ireland, and to congratulate the Society rather on the fact that it has thus found increased opportunities to discharge its arduous "duties" than on the fact that it has received a further instalment of what its friends and well-wishers naturally consider its "rights." It is not the only body endowed by the State, nor is it in receipt of

the largest grant; and perhaps the best immediate result of a closer rapprochement between the State and the Society is that the U.A.O.S. has found occasion to assist the Government with its counsel in the difficult marketing problems with which northern farmers are confronted. The appointment of the Society's Secretary, Mr. J. J. Johnston, as a member of the Commission on Marketing in 1928 was followed by the presentation, in 1929, of a reasoned statement, prepared by the Society, of the principal points on which new dairying legislation was considered necessary. I am glad to learn from the Press that, with one exception, the views thus placed before the Government are likely to be embodied in the proposed legislation in 1930. To prevent any possible misconception, perhaps I ought to state here that in this closer accord between the Society and the Department of Agriculture, there is, of course, no political significance. The Society—like its elder brother, the I.A.O.S.—eschews party alignments, and it receives support from members of the political opposition as well as from members of the party in power. The grant and the Society's policy are thus lifted out of the arena of political controversy. Meanwhile, of course, it is in the discharge of its daily functions as an organising and advisory body for the farmers that the Society is making history. The last published Report (that for the year ending March 31, 1929) shows that the creameries affiliated to the Society did a business for the year 1928 of £1,038,851, as compared with £1,008,094 for 1927, and the supply societies of £291,478 against £274,691. The scheme for special publicity in the common interest of creameries subscribing to advertise their "Six Counties Butter" is being continued. Twelve creameries have joined it, an advertising campaign has elicited much interest in Belfast, and the common purchase of cartons and wrappers has effected useful economies. If the product proves to be what the buyer desires and

expects, the results should more than justify the small outlay involved.

In two directions also there is new progress to report. The organisation of pig-marketing, just at its beginnings when the facts were being collated for the last *Year Book*, has now been developed with a promise of continued success. The position as I write is that the three societies then referred to effected sales in 1928 amounting to £36,619—the Tyrone Association and the Fermanagh Association having a turnover of £19,700 and £14,066 respectively. More importance attaches to this scheme than is represented by the aggregate business of these associations. Their real value is, I think, the proof they give that farmers are realising more keenly than in the past that, unless they can take a hand at fixing the prices at which their pigs shall be sold, they will never be in a position to know to what degree or under what conditions the industry will prove a paying proposition for them, and so an important branch of farming will remain too much the sport of non-farming interests for farmers to settle down steadily to increase the quantity and improve the quality of their output. Whether this problem can be finally solved without the formation either of co-operative bacon factories or (as in Scotland) of co-operative slaughteries is doubtful, but a beginning has been made, and the progress of these societies will be watched with interest, for this is a new development in Irish co-operation, and the spirit of enterprise of which it is proof is a welcome sign of vitality.

Another branch of organisation to engage the attention of farmers in Northern Ireland will be of particular interest to members of the Horace Plunkett Foundation, arising, as it did, out of the informal meetings between officials of the Agricultural Organisation Societies, which the Foundation has called together in London. The talent for organisation evinced by the Secretary

of the Scottish Agricultural Organisation Society, seeking for new outlets, found one of them in a scheme for dealing with the wool of the members of that Society's constituents—of course in Scotland. Mr. Henderson's lucid and practical exposition of his scheme to the General Meeting of the U.A.O.S., in April, 1929, aroused the interest of Ulster sheep farmers also, and resulted in the beginnings of a similar scheme amongst them, temporarily carried out under the auspices of the S.A.O.S., which agreed to act for Ulster co-operators on an agency basis, but, of course, under the ægis of the Ulster Organisation Society, through whose officials the scheme was introduced to the farmers. It is too soon to forecast the results of this scheme. Its success—I write with memories of a not wholly dissimilar plan worked for its societies by the I.A.O.S. with reasonable success but which ceased to be carried on when the "troubled times," which have since passed into history, diverted the energies of our farmers from all but the issues essential to their livelihood—its success must turn largely on the quality of the wool supplied, its careful handling, and its adequate grading. But that, given attention to these details, it can be made a success the Scottish experiment is, I understand, already proving. And, what Scotland can do, I feel sure Ulster patriotism will emulate.

I notice with keen satisfaction that reference was made in the U.A.O.S. Report, and at a meeting of one of its societies, to the fact that two scholarships in creamery management have been made tenable in the Dairy College, Cork, through the collaboration of the Governments of the Irish Free State and of Northern Ireland, for northern students. This should prove of definite value to the co-operative creamery movement in the Six Counties, and, what is of even better augury for the future, it is a beginning of that co-operation between North and South in matters of moment for which I ventured to hope in last year's



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*Year Book.* All readers of the *Year Book* will, I am sure, welcome the reference in the Society's Report to the visit to the U.A.O.S. of "the great inspiration of agricultural co-operation, Sir Horace Plunkett," to whom the Society indeed owes its existence, and will note with pleasure the progress it has made in the year under review.

# CO-OPERATIVE INDIA: A SURVEY OF PROGRESS

BY

S. K. YEGNANARAYANA AIYAR, M.A.

## I.—INTRODUCTION

THE British Empire of India covers an area of more than 1,800,000 square miles, of which 1,094,000 square miles come under British Provinces and the rest form Indian States ruled over by Indian Rajahs. The total population exceeds 300 millions, according to the census of 1921, of which nearly 250 millions live in the British Provinces and the rest in Indian States. British India is again subdivided into Provinces like Madras, Bengal, Bombay, the Punjab, Burma, Bihar and Orissa, Central Provinces and Berar, and the United Provinces of Agra and Oudh. There are smaller units like Assam, North-West Frontier Province, Ajmere-Merwara, Coorg, Delhi, etc., and among the Native States the most prominent ones are Hyderabad, Kashmir, Mysore, Baroda, Gwalior, and Travancore.

The subdivision of India into British India and Indian India is for political purposes only. There is no such demarcation at all possible in physical features, economic conditions, or with regard to language and culture of the people. Each linguistic unit, like the Hindi area or the Kanarese area, comprises portions of two or three Provinces and of Indian States. Any general observation made on the economic condition of the Indian people may be taken, therefore, as applicable equally to British as well as to Indian India.

The co-operative movement in India owes its origin to the solicitude of the Imperial Government for the economic welfare

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of the Indian agriculturist. Various economic investigations conducted by the Government, Imperial and Provincial, and the reports submitted by the various famine commissions when famines were more common than now, showed that the average peasant in India, in spite of various general improvements, was not becoming economically better. On the other hand, it was feared that he was getting economically worse, and that his indebtedness was steadily on the increase. It was with a view to relieving the Indian agriculturist of his indebtedness that the co-operative movement was thought of as a possible remedy. From time to time before the first Co-operative Act of 1904 was passed, certain remedial measures were adopted by various local governments such as advancing loans to agriculturists for land improvement, and there were some legislative enactments also to protect the agriculturist and prevent his land from ultimately falling into the hands of the moneylender. Mr. (now Sir) F. A. Nicholson, I.C.S., was deputed by the Madras Government to study the system of land banks and agricultural credit societies of Europe, and his exhaustive report ended with an appeal to "Find Raiffeisen." Mr. Duperneix of the United Provinces was deputed by his Government to report upon the possibility of establishing agricultural banks in select localities. Embodying the recommendations contained in these reports, and with a view to simplifying the working of societies, the Act 10 of 1904 was passed, by Lord Curzon's Government, called the Co-operative Credit Societies Act. It was intended primarily to enable the agriculturists to form themselves into societies of the Raiffeisen type with unlimited liability; the application of the principle of co-operation to the various forms of economic activities with which we are now familiar was not then contemplated.

It is interesting to note that when a few enthusiastic followers of the Rochdale Pioneers in Madras wanted to form a co-operative

store, the then Registrar of Co-operative Societies, Madras, refused to register the Society, as the Act did not contemplate such an institution, and advised the organisers to have a credit branch attached to the stores. Thus the famous Triplicane Urban Co-operative Society, the premier co-operative store in India, was started practically as a credit society, with a distribution department as a subsidiary. When the Act was revised in 1912, scope was given for the formation of societies for other purposes than credit and with registered co-operative societies as members. In the year 1911 the Imperial Government appointed a committee of enquiry into the working of the co-operative movement in India, and this Committee, popularly known as the MacLagan Committee, toured throughout the country and submitted a very valuable report full of many wise suggestions.

When the Government of India Act of 1919 was passed, co-operation became a transferred subject. Under the management of the popular minister, the Provinces of Bombay and Burma have revised the Act of 1912 to suit their local requirements, and in Madras the revision of the Act is in contemplation. Other important work done in connection with co-operation after it became a provincial subject, was the institution of committees of enquiry by various Provinces: The Oakden Committee of the United Provinces of Agra and Oudh, the King Committee of the Central Provinces, the Townsend Committee of Madras, and the Calvert Committee of Burma have finished their investigations and have published their reports. The enlightened Native State of Mysore also followed the example, and a Committee, presided over by Sir Lulubhai Samaldas, took stock of the situation in that State.

A brief account of the general features of the co-operative organisation as obtaining in the country as a whole may not be out of place. In spite of various minor differences, there is a

good deal that is common in the co-operative structure of the various Provinces and in the Indian States. At the very bottom we have the village society or the rural credit society formed of agriculturists on the unlimited liability basis. It raises capital partly by payment of small amounts by members as share capital, partly also by deposit from members and non-members, and mostly by borrowing the amount needed by it from some central organisation. The capital thus secured is lent amongst the members, who are expected to repay the loans taken in easy instalments. In each district or in some unit of administrative area there is a co-operative bank, known as the Central Bank or District Bank or Banking Union, which supplies the necessary capital to rural societies which would generally be its constituent members as well. In some of these district banks there are some prominent individuals who are also shareholders, and who in virtue of their ability and experience have come to occupy a prominent place in the management of the bank. These central banks also get their working capital from the share capital of members—*i.e.*, of societies and individuals—but the bulk of it comes by way of deposits from members and non-members. Local bodies like municipalities, taluk boards, and district boards have been permitted to deposit their surpluses in these central banks, and many of the District Boards that own railways deposit their income in these banks.

Generally speaking, these banks suffer from no want of money. The various central banks in a Province are members of an apex Provincial Bank in which also in some cases there are individual members. This Provincial Bank acts as the balancing centre between the various district banks and lends money to such of these district banks as require it. These Provincial Banks have most of them secured overdraft accommodation from the Imperial Bank, and are thus in touch with the money market of the world.

This is the structure of the agricultural co-operative movement on the financial side; money flows from the Provincial Bank to the district bank, and from the district bank to rural societies, and from them to individual agriculturists.

The need was soon felt for co-operative organisations which would supervise the work of rural societies, and in some Provinces supervising unions were started. In some, as in Madras, these supervising unions have been federated into district organisations, and these district organisations have been again federated into a provincial institute which is generally in charge of education and propaganda. In some Provinces there are no unions or district federations, but only a provincial institute which has a hierarchy of officers and an administrative machinery, almost parallel to the departmental machinery, consisting of the Registrar, Deputy Registrars, Inspectors and other subordinate officers. In some Provinces these provincial institutes are in charge of audit and supervision of societies, education and propaganda. The Registrar, with his staff, acts as the "friend, philosopher, and guide" of the movement, and though the duty of auditing is laid upon him by the Statute, he empowers the officers of provincial institutes to do it.

The whole co-operative machinery consists, in short, of official organisation on the one hand, and non-official organisation on the other, which can again be broadly divided into two sections of finance and supervision.

This is so far as agricultural credit is concerned; but co-operation, though originally intended only for the credit needs of the agriculturist, has grown beyond the original limitations and is dealing with urban credit for the use of wage-earners, employees of firms, small merchants, and industrialists. It has also in recent times aimed at improving the lot of the farmer by getting him the articles he requires and by marketing his produce on

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terms of advantage to him. There are some stray cases of consumers' stores and house-building societies, to mention only the chief forms of co-operation on the non-credit side. Co-operative production, other than agricultural, is mostly confined to weavers' societies. It may thus be seen that, though co-operation has many aspects, the most important form of it is credit, and to the agriculturist. The Agricultural Commission, presided over by Lord Linlithgow, in their observations on co-operation, stated that for a long time to come credit would be the main feature of co-operative activity in India.

## II.—MADRAS

Area: 141,075 Square Miles. Population: 42,794,155.

The outstanding event in co-operation in this Province during the year under review was the publication of the report by a committee of enquiry appointed by the Government of Madras which was presided over by Mr. Townsend, I.C.S., of the Punjab. As in other Provinces an impression has gained abroad that everything is not right with the movement because there are certain symptoms of disease, such as increasing overdues, and the Government, as being ultimately responsible for the movement as a whole, felt it was their duty to constitute an impartial committee of enquiry. The Committee made a thorough and exhaustive enquiry into the details of the working of co-operation in all its aspects throughout the Presidency. They toured through the whole Province, examined witnesses, and received written answers to their questionnaire from a very large number of people actually connected with the working of the co-operative societies. Their survey of the situation and their suggestions for its improvements are embodied in the report. The Government have not taken official action on these recommendations; they are being considered one by one, and some orders are being passed, but the recommendations as a whole have not been considered.

One of the recommendations of the Townsend Committee was that immediate attention should be given to the rectification, if possible, of all dormant societies or, failing this, to their liquidation, and that the work of consolidating the existing societies should be immediately attended to. The Registrar has had Government sanction for the appointment of additional inspectors,



and they have started the work of rectification and consolidation. The organising of new credit societies was not stopped. No initiative was taken in this respect by the officials; it was left to the supervising unions to organise societies, and over 1,000 such agricultural societies were started during the year. The total number of societies at the end of the year was 14,510, of which about 12,000 are agricultural. Out of nearly 9 lakhs of members in all co-operative societies, nearly  $5\frac{1}{2}$  lakhs are agriculturists, with working capital of over 500 lakhs of rupees. The total working capital of the movement in this Province amounts to 820 lakhs, or over 6 millions sterling. This capital consists of paid-up share capital of members, deposits of members and non-members and of institutions like district boards and municipalities, the reserve funds of the societies, and a small amount advanced as loans by Government, mostly for building societies. Overdues of principal and interest showing no tendency to decrease, vigorous steps are being taken to combat this evil. Non-official organisations known as District Federations, which hitherto have been languishing for want of funds, are to be strengthened by the pooling of the financial resources of various constituent unions in the federations and by liberal grants by Central Financial Banks.

An important feature of the movement in this Province is the additional facility provided by Government for the training of co-operative workers. The Agricultural Commission presided over by Lord Linlithgow and the Townsend Committee both drew pointed attention to the lack of training on their part, official as well as non-official. The Government, therefore, gave liberal subsidies to District Federations to start co-operative training-classes, and six such centres are being run with the help of the Government rendered both in men and money. The aim of all these institutions is to give a sound training in co-operative principles, theory and practice, and in banking and book-keeping;

students are recruited both from the existing staff and the prospective. The Townsend Committee has recommended that co-operative education should be in the hands of the Provincial Co-operative Union, and that the Union should be given a liberal grant by Government to enable it to discharge its functions efficiently. Most of the Training Institutes which, with the Government help in men and money, have been conducting training-classes, have affiliated with the Provincial Union which now, instead of the Registrar, will be the co-ordinating agency between them. An *ad hoc* Committee of the Provincial Co-operative Union, consisting of the representatives of the constituent Training Institutes, the Registrar, and the representatives of the Provincial Co-operative Union, will be in charge of training in the Province; it will frame the syllabus of studies, fix the qualifications of lecturers, conduct the examinations and issue certificates. Thus the Provincial Co-operative Union is slowly coming to occupy the premier position in the Province as its sister Institutes are occupying in other Provinces.

Experiments have been tried in enabling agriculturists to get better prices for their produce, by the starting of what are called Loan and Sale Societies. The agriculturist is advised to deposit his produce with the Society, and is given temporary accommodation, and the produce, instead of being sold at the harvest time when it will fetch only a low price, is kept on in the godowns of the societies until a more favourable season for selling. After sale, the money advanced to the agriculturist is taken and the balance handed to him. This is still in the experimental stage, but if the experiment is successful and the societies of this class are started all over the Province, it is bound to give substantial increase of income to the producer. The middleman profits, by purchasing the produce at a time when the price is low and selling it to the consumer when prices rise.

Among other interesting types of societies in this Province are those for irrigation. These societies look after irrigation channels and see that they are kept in good repair, and in some cases they instal pumps worked by power and irrigate lands jointly.

A type of society new to the Province has been started, on the Calcutta model, for the supply of pure milk to the city of Madras. It is a union of producers, and its work consists in advancing money to the villagers around Madras to enable them to get buffaloes or cows. Milk, handled under healthy and sanitary conditions, is pooled and brought in cans on motor-lorries to the city and distributed to the consumers. It is still in an experimental stage, and is run mostly with Government help in men and money. But there can be no half-way house; it will be necessary to go the whole length of the progress achieved in Calcutta; pasteurising plant alone will enable milk to be kept for the time required for large-scale distribution under local climatic conditions.

One of the recommendations of the Townsend Committee was that village societies should confine themselves to short-term loans and not entangle themselves in long-term credit transactions, which should be looked after by Land Mortgage Banks. Instructions have been issued to all societies to see that this advice of the Committee is adhered to, and it is hoped that, if societies realise their limitations and confine their activities in lending sums of money which are recoverable at the time of the next harvest, the alarming increase of overdues can be effectively checked.

Although there are about nine trading unions and over thirty co-operative stores in the Province, there are only two or three stores that are working satisfactorily. The most important of them is the Triplicane Urban Co-operative Society, commonly

known as the Triplicane Stores. It was started in 1904 by a band of fourteen enthusiasts, most of them schoolmasters, who came under the spell of the Rochdale Pioneers. It has been progressing steadily, in spite of various vicissitudes during the past twenty-five years of its career, and today has a membership of nearly 6,000, with an annual turnover of 13 lakhs of rupees, roughly £100,000. It has twenty-five branches, spread over the various portions of the city, and though it cannot be said it is working very satisfactorily (complaints are frequent that the quality of articles is poor and prices high), yet it has established itself on a sure foundation and is progressing slowly but steadily. It is a unique case of success of the consumers' movement in India, and co-operators from all over India come to study its working.

House building societies have been started by the members of the middle classes to build houses for themselves with the help of the Government grant, which is to be repaid in the course of about twenty years. This side of the movement has not progressed in this Province so effectively as in Bombay; still, some advance has been made, and it is hoped that more and more people will avail themselves of the facilities which the Government offer for enabling them to own houses of their own.

### III.—THE PUNJAB

Area: 135,880 Square Miles. Population: 25,101,060.

Of all the major Provinces of India, the Punjab has the reputation of being the most advanced co-operatively. The chief reason for this is that it had the good fortune of securing the services of a line of illustrious Registrars. Secondly, the inhabitants belong to various martial races, and they are accustomed

to discipline and joint action. Thirdly, they are less sophisticated than the inhabitants of other Provinces, and the dangers of a little learning have not affected this Province. Side by side with the organisation of the department, which has more members of the Indian Civil Service than any other Province, is the organisation of non-officials for supervision and audit which, unlike Madras, is not done by small units, unions, and federations, but is centralised and provincialised.

The number of co-operative societies of all sorts exceeds 18,000 in the year under review; the membership came to half a million, with working capital over 10 millions sterling. The actual number of new societies started in the year exceeded 1,500. It could easily have been more but for the fact that here, as elsewhere, consolidation rather than expansion has been the policy adopted. The Registrar's Report justly emphasises this point. "Our object," says the Report, "is to multiply co-operators rather than societies." It is a healthy sign that membership was considerably increased in the existing societies.

One of the features of the movement in this Province is the existence of a large number of communal (sectional) societies—that is, societies started and run for the exclusive benefit of a particular community of caste or creed. It is some satisfaction that the danger lurking in this practice has been recognised, and attempts are being made to make the village a unit and rebuild societies on that basis, keeping the door open for the admission of all castes and creeds that inhabit the village. On the other hand, the Province has taken the lead in the training of co-operative staff; its training facilities have been made use of by some of the neighbouring States and Provinces.

Of the Punjab we have the assurance of the Registrar that the saying of Sir Horace Plunkett is no longer true. In district and taluk conferences the members manage their own affairs

with the least assistance from the departmental officers, and they take part spontaneously in such celebrations as the International Co-operators' Day. One of the most interesting features of the movement is that attempts are made to enlist the activity of women. There are thrift societies exclusively for women and run by them. A lady inspectress is in charge of such societies, helped by some assistant inspectresses. This movement has not spread over the whole Province, but it has begun well. So also co-operation is becoming popular in schools and colleges, where boys are encouraged to form societies for the supply of books and stationery for themselves.

Over 14,000 societies, out of a provincial total number of 18,000 odd, are purely agricultural credit societies intended for the villager. The main weakness of the movement, as in other portions of India, is the accumulation of arrears in repayment of loans. The evil is not so bad in this Province, as the amount overdue under principal is only 14 per cent. It is a matter of congratulation that out of 82,000 odd co-operators, mostly land-owners, 43 per cent. are entirely free from debt—a record which other Provinces can only envy. This shows that the co-operative movement has served a very useful purpose.

Other aspects of co-operation than credit, so far as the agriculturist is concerned, are slowly making progress. There are cattle-breeding societies and milk-recording societies and others. Two peculiar forms of societies prevalent in the Punjab deserve special attention. The first is known as "better farming" societies, whose chief purpose is to induce their members to use good seed, a greater variety of implements, and better methods of cultivation. Though such societies cannot multiply fast, they play an important part in the work of agricultural development. The second unique feature of the Punjab is the formation of societies for consolidation of peasant holdings. In the Punjab,

as in other parts of India, the holdings have been fragmented to such an extent that they are scarcely economical. A movement has, therefore, been started for the consolidation of holdings with a view to economising expenditure; but it is only in this Province that it has met with some success. Wherever pieces have been consolidated we see that new wells are sunk, old ones repaired, communication is facilitated, fallow lands are brought under cultivation, intensive farming is resorted to, fruit trees are planted and, above all, litigation diminishes. Instead of enforcing consolidation by legislation, it has been found far better to allow the benefits of consolidation to appeal to the masses by actual demonstration in societies like this, and it is hoped this movement will spread. Some attempts are being made to sell agricultural produce co-operatively.

There are some land mortgage banks which are intended to give long-term loans to their members. They are eleven in number, and, situated as they are in different portions of the Province, they work with different degrees of success. A tendency on the part of members to be irregular in their payments has been noted, and precautions are being taken not to allow this rot that has set in to develop.

Co-operative societies have been formed to undertake adult education. Another interesting system of co-operative activity consists of "better living" societies, where the members pledge to reduce their expenditure upon ceremonies, which expenditure, as is well known, was one of the chief causes of the ever-increasing debt of poor agriculturists. These societies look also to the sanitation and health of the villages.

On the whole the movement in this Province would seem to be advancing on right lines under proper guidance. I cannot help, however, recording the general impression among co-operators in other Provinces that much of its efficiency is due to special

conditions of official supervision and guidance, and that when once this rigorous control is relaxed, things will lapse back into the same unsatisfactory condition that we see in other Provinces. The Registrar in his Administration Report, and the Government in their Order reviewing the same, proclaim that the movement is entirely in non-official hands, that the officials are there merely to guide and advise. But the impression some leading co-operators from other Provinces have formed from close observation is that it is the official influence that keeps the whole thing trim. Whatever be the cause, the effect is there for the rest of India to admire and to imitate.

#### IV.—BOMBAY

Area: 187,074 Square Miles. Population: 26,757,648.

The year under review was a year of progress in this Province also. The total number of societies rose from 5,091 to 5,230, and the number of members from 482,730 to 539,470. There was a corresponding increase in the working capital and the reserve fund of the movement. Workers, both officials and non-officials, have recognised that the co-operative movement is the best form of banking agency that could reach the masses in the rural areas, better and cheaper for the members than joint stock banks; every attempt is being made to extend the usefulness of the central co-operative organisations, like district banks, and render banking facilities available even to the villagers.

Unlike other Provinces, Bombay has a large number of honorary organisers, who attend to the work of organisation and supervision, done elsewhere by unions and federations, either by themselves or under the guidance of a Central Institute. The Bombay Co-operative Institute acts as the brain and motive



power of the non-official side of the movement, but the Department still feels the need of a large number of district and taluk organisers and the Registrar's Report speaks favourably of the work done by them. This Province is no exception to the general evil—that is, the existence of a large number of bad societies with heavy overdues. Systematic attempts are being made to eliminate such societies.

Real banking has been developed here to a greater extent than in other Provinces. The district co-operative banks, like ordinary joint stock banks, are lending money to agriculturists on pledge of produce. They have built godowns of their own where the agriculturist may store his article till he gets favourable prices. In contrast with Madras, the Government of Bombay has been giving credit to the agriculturists in the form of Tagavi loans through the agency of co-operative banks. They are cautiously trying the experiment of giving long-term credit as well, and there are proposals for establishing land mortgage banks which would deal exclusively with long-term credit for agriculturists. Not much real work has been done in the matter of supplying to the agriculturist his requirements, such as manure and implements, co-operatively, though the Provincial Bank, district banks, and their branches have been attempting to do further work along this line.

The most important achievement of Bombay is in their cotton sale societies. Three of them sold cotton to the extent of 35 lakhs of rupees and cotton seed to the extent of  $1\frac{1}{2}$  lakhs, earning a net profit of over 22,000 rupees. The cotton sale societies of Gadag and Hubli in the southern part of the Presidency deserve special mention. These societies educate the agriculturist to grow a particular kind of cotton and insist upon their selling all the produce through themselves. There are also equally successful cotton sale societies in the northern section of the

Province, Gujarat, and in the central section, Kandeish. There are similar sales societies to market such local products as tobacco, chillies, and onions.

Other interesting forms of co-operation affecting agriculture are joint farming societies which take lease of land collectively and cultivate it. There are also dam construction and irrigation societies working near the mouths of rivers. These put up dams to prevent sea-water coming in and making the river water unfit for irrigation purposes. There are fencing societies which enable the members to put up fences and walls around the property to prevent depredation by wild animals. Cattle-breeding societies and ginning societies also exist. There are a few co-operative dairies in Hubli and Gujarat, but none at the headquarters of the Province, as in Bengal or in Madras.

The Provincial Bank at Bombay continues to be the chief financing agency. There are district banks scattered over the various portions of the Province, but one peculiar feature of the financing organisation of this Province is that the Provincial Bank starts its branches in several portions of the Presidency. It does not, of course, compete with the district banks, and does not open branches where there is a possibility of a district bank being formed. These banking agencies have their own staff of field inspectors, on whose recommendations mainly the loans are sanctioned to rural societies and extensions of the period of repayment allowed. As was mentioned, these agencies are attempting to give further facilities to the agriculturist by supplying his requirements, and also by enabling him to get better prices for his products by advancing money on the pledge of such produce.

There are a few cases of successful co-operative stores such as the B.B. and C.I. Railway Stores, Telegraph Co-operative Consumers' Store, and the South Indian Stores of Matunga,

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Bombay. There are a few successful stores in colleges as well. But the store movement as a whole cannot be said to be much of a success. There are some successful housing societies. Some attempts have been made to give help to the cottage industries, and co-operative production on a small scale, such as coir-making, has been encouraged; but, as in the consumers' movement, success is yet to be achieved.

Bombay Central Co-operative Institute with its divisional and district branches is an important factor in the co-operative movement of Bombay. It undertakes the training of workers and arranges provincial, district, and taluk conferences. It is getting some subsidy from Government, but for the kind of work it has undertaken and the scale on which it is expected to be done, the financial help is considered to be insufficient. The Institute continues to publish a quarterly review in English, and monthly magazines in the various vernaculars of the Provinces. Cordial relations prevail between the officers of the Department and the non-official workers, and the future is bright and hopeful.

### V.—BENGAL

Area: 82,277 Square Miles. Population: 47,592,462.

Being educationally an advanced Province, it is natural that Bengal should be in the vanguard of co-operative progress. The total number of societies here has reached 18,000, and the number of members now exceeds 6 lakhs, with a total working capital of more than 6 crores of rupees. The general effect of the movement, the Registrar affirms, "is much more than what is indicated by the figures given above." Wherever a co-operative society has been established, the prevailing rate of interest has gone down, and therefore the benefits of the movement are

not confined to the members of co-operative societies only. Moreover, the spirit of self-help, ability to manage one's own affairs, a feeling of equality or brotherhood, are also being fostered by the co-operative societies. Wherever the true co-operative spirit prevails, the villagers have learned to be thrifty, reducing unnecessary expenditure on marriage and other ceremonies, and they do not resort to costly litigation as much as they used to do. Illiteracy has not been a bar to co-operative progress, and the spread of the real benefit of co-operation amongst the masses. Efforts are being made by societies themselves for the spread of literacy among their members. The efforts of officials and non-officials in this respect are being supplemented by organisations like the rural department of Viswabharathi, the International University founded by the famous poet Rabindranath Tagore.

The outstanding feature of Bengal co-operation is the success of efforts made in the marketing of the important commercial product of the Province, jute. Hitherto it had been the monopoly of capitalists, the actual producer getting very little of the profit, which was absorbed by middlemen. A wholesale society has been organised with a specially qualified manager to attend to its affairs. Bengal has in this given a lead to other Provinces; when co-operators join together to do a bit of business, they generally have a tendency to appoint one of themselves as manager; they have not learned to appreciate the advantages of having an expert in their employ. Bengal co-operators have recognised that in a business which competes with capitalists who have experts in their employ, unless co-operators follow the same course they are bound to go under. So they have a well-paid expert to look after their affairs. Jute and paddy, the latter to a smaller extent than the former, are being co-operatively marketed. In this Province, as elsewhere, consolidation and slow progress have been the watchword; the registration of new

societies could easily have been more but for this cautious policy.

Bengal is a land depending upon the Ganges and Brahmaputra system of rivers for its water supply, and irrigation is an outstanding problem of the agriculturists. No wonder that irrigation societies have been formed for the clearing of old channels silted up, for constructing new channels, for keeping tanks and other sources of water in good repair, and for bunding up streams to divert the water that is being wasted into new channels that may irrigate fresh lands. There are also a few co-operative agricultural associations whose main object is to supply improved seeds and agricultural implements, for which there is a growing demand among the agriculturists.

One of the effective ways of helping agriculturists is to encourage them to have subsidiary industries; co-operators in Bengal are to be congratulated on having devoted attention to this. They have opened a sale depot in Calcutta for selling the products of the cottage industries. Most of the cottage industries have died out in their unequal competition with machinery; attempts have been made to revive them wherever possible, and the establishment of a sale depot at Calcutta, it is hoped, will give facilities for intending buyers to know what things are available.

Waterlogged as Bengal is, it suffers very much from malaria, and the annual death-rate from this cause is pretty high. Co-operators have turned their attention to this problem, and anti-malarial and health societies have been formed. The members of these societies look to the sanitation of the village with the help of others interested, such as officers of the Health Department.

The Calcutta Milk Supply Union is one of the most interesting sights for a co-operative visitor of that City of Palaces. It has an elaborate plant for pasteurising milk brought from villages situated about the city, and for automatically washing, filling,

discing, and capping bottles of milk. The Union sold milk to a total of over 5 lakhs of rupees in the year under review. Its benefits are not confined to the consumer of milk in the city; it is promoting the improvement of the breed of cattle in the locality, and this is being greatly appreciated by the agriculturists.

The Bengal Co-operative Organisation Society, the apex non-official society in the Province, co-operates with the officials in supervision and propaganda, and, as in other Provinces, there is hearty collaboration between departments of co-operation, agriculture, industries, and the veterinary department.

#### VI.—UNITED PROVINCES OF AGRA AND OUDH

Area: 106,295 Square Miles. Population: 46,510,668.

In this Province also a committee of enquiry went into the whole question of the co-operative movement, pointed out its defects and suggested remedies, and the process of overhauling is not completely finished. The training that is given to auditors, supervisors, and other people concerned in the day-to-day work of the movement, is considered to be inefficient; attempts are being made to educate the existing staff and retrain them by means of short refresher courses.

“The efforts of the co-operative staff were concentrated on trying to reorganise the existing societies,” writes the Registrar, “so as to make them something more than mere aggregates of individuals, and in helping members to realise that the object of co-operation is not to lend money at cheap rates, but to improve their business through farming and their living.” The process of closing down bad societies and only with great caution organising new ones is going on, so that there was at the end of the year a decrease both in membership and in the number of societies.

What is known as the rural reconstruction movement has been started in a few centres, and that at Benares, which owes its success to the unbounded enthusiasm and interest of Mr. Mehta, deserves special mention. The following statement of the good effects of the Society is given by one of its members:

Formerly our village was a gamblers' den and rendezvous of thieves; dancing girls were called on every festive occasion. Now we have an adult school, which started with 15 members and now has 23. The number of students in the primary school is 84, of whom 7 are girls. A cholera epidemic started, but was immediately put down, 207 persons being inoculated. Manure heaps have been removed from the village and put in pits outside. Buffaloes of improved breed have been purchased. A village singing party is held once a week, in which we all join. We have settled 7 disputes amicably in the village. We were able to export fruit worth Rs. 8,000 and potatoes worth Rs. 10,000, as direct railway communication has now, thanks to the help of the District Magistrate, been established. Neem cake, worth Rs. 4,000, was purchased for manure. New fruit trees have been planted. One well has been reconstructed. Instructive posters have been put up in the village. Our young men helped pilgrims during the lunar eclipse. We built a boundary wall and gate for the school. New houses will be built on sanitary lines. We have installed one improved loom in the village. We are grateful to the official and non-official gentlemen who have visited the village and given us their valuable suggestions.

Co-operative officers do not confine themselves to credit. They teach sanitation and agricultural improvement, and aim at the better living of members as their ideal. Adult education is one of the main planks in their platform, and thrift is encouraged. There are some societies exclusively for women, though considerable difficulty is experienced in organising such societies.

One peculiar feature of the financial organisation of this

Province is that it has various central banks which collect deposits and get money from other sources and finance the primary agricultural societies, but there is no provincial bank which would act as a sort of balancing centre between these various central banks. At a recent conference held under the presidency of the doyen of Co-operation, Sir Lulubhai Samaldas of Bombay, resolutions have been passed for the formation of a Provincial Bank which, instead of the Department, should be the co-ordinating agency between the various district banks.

The fact that the majority of members are not proprietors or substantial cultivators, but only paid tenants, makes the problem of financing them more difficult in this Province. The joint unlimited liability of the members of an agricultural society, which in other Provinces has been a sufficient guarantee to enable such societies to borrow from the district banks, or to attract local deposits with ease, is of little value where members have no transferable right in the land which they cultivate. The Registrar, in his Report, suggests that the Co-operative Society should not unduly lower the rate of interest, that it must be fixed with reference to local conditions, and that where it is high the extra amount so collected may be partly utilised as rebates to honest and regular members. It is a suggestion well worth the consideration of co-operators in other Provinces as well.

The causes of failure in the credit movement are thus summarised by the Registrar, whose frankness offers a refreshing contrast to the whitewashing tendency observable elsewhere:

The chief cause of the failure of such a large number of societies is the character, or rather the lack of character, of the members. The majority of them are illiterate, ignorant, and docile; they can be easily led and still more easily misled. Those characteristics could have been utilised for helping them to derive some tangible material benefit from their



societies. Instead, dishonest secretaries and supervisors did their best to exploit them and to enrich themselves. They kept them ignorant so that they could be swindled the more easily. They pretended to be their friends and taught them deceit and trickery. They entangled them in their net by offering cheap loans and then ill-treated them. The wonder is not that so many societies failed, but that any survived at all. Even now, hundreds of societies would go into voluntary liquidation if only the members knew that they had the right to do so. They have no faith in their societies, no confidence in the staff or in each other. Accordingly, attempts to effect reorganisation by inducing the members to deposit the value of their produce with their society met with no success; these efforts are, however, being continued. The problem is not merely to give them adequate or cheap credit, nor even to teach them better business, but at the same time to educate them to a higher sense of moral values, to develop their character and to teach them to trust each other and to become worthy of trust themselves.

A "better farming" society has been started in one district. There is a good deal of scope for such societies. There are also societies for the consolidation of holdings. The store movement has not been successful. Thrift societies are still in the experimental stage. There are some good housing societies. There is no provincial institute for this Province as in Bengal, Bombay, or Madras, but only a Standing Committee which is elected at the time of the Annual Conference. It is hoped that ere long an institute will come into existence which will take charge of the work of education, supervision, and propaganda, and perhaps audit also.

The concluding paragraph of the Registrar's Report deserves reproduction, as it applies equally well to many other Provinces: "The task in front of co-operation in this Province at present is to rebuild the foundations. Unless that work is well and

truly done, it will not be possible to erect a suitable edifice thereon in after years. Mistakes are bound to occur, and differences of opinion as to the methods adopted must always arise. But the importance of the moral aspect of co-operation must never be lost sight of. We must concentrate not on show but on work, not on the formation of societies but the development through these societies of character and of honesty. The progress must be slow, but, where genuine efforts are made in this direction, they must ultimately succeed."

#### VII.—CENTRAL PROVINCES AND BERAR

Area: 131,052 Square Miles. Population: 13,912,760.

The official head of the movement in this Province is in charge of other departments as well. He is the Director of Industries and the Registrar of Joint Stock Banks, and the Registrar of Trade Unions as well as Co-operative Societies. The Royal Commission on Agriculture has recommended that there should be a whole-time Registrar, and it is hoped this recommendation will soon be given effect.

A committee of enquiry examined the progress made by the co-operative movement in the Province and suggested various remedies for the defects therein; the system is now being overhauled. Recoveries of overdues, which were heavy in former years, are reported to be very good. Though the total number of societies showed slight decrease, the number of members on the other hand increased further, which is a healthy sign. The progress of elimination which was begun after the enquiry by the King Committee is not yet complete.

There has been introduced what is called the group system; the various officers engaged in supervision of societies comprised

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within the group meet often and exchange notes and review their work. Rallies are held and they are becoming popular, proving a useful method of spreading knowledge of co-operation and widening the outlook of members of the societies, and described as being helpful both in the matter of organising new societies and in reorganising existing ones. The training of the staff and the members of societies has been taken up seriously, and as a result many societies have now amongst them members who are able to write their up own accounts without extraneous help.

The Provincial Bank and the various central banks have been functioning satisfactorily, and, as in some other Provinces, the problem of absorbing the surpluses in these central institutions is engaging the attention of co-operators.

There is one apex organisation for education and propaganda for the two units of Central Provinces and Berar, and there is a separate institute for Berar. Both of them are engaged in the supervision of societies and in the education of members in the principles of co-operation, which they do by means of training-classes, popular lectures with magic lantern, etc. Some societies conduct a seed business, and attempts are being made to popularise improved agricultural implements. Marketing of agricultural produce has not been seriously tackled.

### VIII.—BIHAR AND ORISSA

Area: 111,837 Square Miles. Population: 37,961,858.

This is a new Province created for administrative purposes from portions taken from old Provinces. It consists of the northern portion of the Gangetic valley, half Bengali and half Hindi, and Orissa in the south with its separate language of Oriya. As in other Provinces the motto was consolidation rather than

expansion; the number of new societies registered was just over 300. The increase in the working capital was also less than in the last year. Deposits, net profit earned, and reserved fund of the movement, as a whole, showed satisfactory increases.

The Provincial Bank worked satisfactorily, but it was not loyally supported by its constituents, the district banks. These latter preferred to receive deposits from individuals, at a higher rate, to borrowing from the Provincial Bank, at a lower rate, and they did not fully utilise the cash credit granted to them by the apex bank.

There are more than sixty central banks in the Province, and new ones have been started in the comparatively backward regions, such as Santal Parganas, inhabited mostly by the aborigines. They work satisfactorily enough and earned profits and increased their reserve fund. But they are not as loyal to the apex bank as they should have been. These banks, however, have been playing an important part in the introduction of agricultural improvements by popularising improved varieties of seeds, implements, manures, etc. They have also opened new schools and attended to sanitation and medical relief of villages.

Primary agricultural societies have risen to the neighbourhood of 8,000, and they have a working capital of over two crores of rupees. There is the same cry of increasing overdues owing to slack supervision. Some experiments have been made in the matter of purchase and sale societies, grain golas, and dairy societies.

The Provincial Institute, known as the Federation, has been steadily increasing its usefulness. This is the central organisation for supervision, and education; audit also has been entrusted to it. It owns a press and prints its journal there.

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### IX.—ASSAM

Area: 63,510 Square Miles. Population: 7,990,246.

This is a small Province where co-operation has not made much progress. Yet, compared with the previous year, there has been some increase both in the number of societies registered, total membership, and transactions.

Co-operation is confined mostly to the credit side. The Agricultural Department is making use of co-operative societies for distributing improved seeds and implements. There is a Provincial Bank with a share capital of barely a lakh of rupees, and annual transactions and loans amounting to just over a lakh. Any good district bank in any of the major Provinces shows transactions greater than this.

Here, as well as in other Provinces, there is the question of non-payment of dues by members of agricultural societies, but the problem has not become very serious. One interesting feature of the movement is that the Province has two land mortgage banks. They have been able to draw deposits from members and non-members, and are reported to be working well. Very little has been done for marketing agricultural or industrial produce, though there is a good deal of scope for work in this direction.

### X.—BURMA

Area: 263,000 Square Miles. Population: 13,169,099.

The Province of Burma is politically a part of the Indian Empire, though geographically it is outside India. It is inhabited by a race of people who have more in common with China than India. The religion of the people is also Buddhism, which, though it had its origin in India, has gone practically out of

existence in the land of its birth. The native Burman is comparatively ease-loving, and gets his work done by the Indians who have colonised the Province in such large numbers.

The co-operative credit movement in Burma has practically collapsed, and the Government are trying their best to rescue what little they can from the wreck. The committee of enquiry presided over by Mr. Darwin, I.C.S., has finished its investigation and has sent in its Report, and the Government are taking vigorous steps to deregister liquidated societies and collect what little they can from the members. Time was "when any ten signatures to an application for registration brought a prompt supply of hard cash, and the honorary organiser, the giver of the feast, had flowers strewn in his way in every village"; but those days are gone, and gone for ever.

This facile credit had a demoralising effect upon the peasant in Burma, who unfortunately was not pulled up when he first showed symptoms of degeneracy in becoming irregular in the matter of payment. The collapse of the Provincial Bank had to be averted by an overdraft which the Imperial Bank allowed it on the guarantee of Government. The work ahead of the department is summarised by the Registrar as follows: "The department is wholly occupied with the immense task of the liquidation of 1,300 societies, and there is little opportunity to think about the future. The one point that is clear is that there is no hope of progress until the bad societies have been effectively dealt with, and attention is concentrated upon getting this done once and for all."

It is hoped that when the history of the current year is chronicled there will be a better tale to tell.

## XI.—MYSORE

Area: 29,469 Square Miles. Population: 5,978,892.

This is a Native State in South India ruled by an enlightened ruler. The report of the Registrar of Co-operative Societies for the year under review is a record of steady progress achieved in many directions. There was appreciable increase both in the number of societies and of members, and also in the financial resources of the societies, their working capital, total turnover, net profits, and allotment to the Reserve Fund. Public confidence in the movement continues undiminished, and deposits are pouring in, even though the rate of interest promised is very low.

As in other Provinces, there is the canker of overdues in this State as well. One of the reasons may be, as the Registrar remarks, that the prevailing rate of interest is actually higher than the co-operative rate of interest, and therefore the borrowers discharge their obligations to the moneylender first. Another reason is that co-operative societies, to start with, commit the mistake of giving long-term credit to the agriculturist, a mistake which has since been recognised; attempts are being made to remedy it by the starting of land mortgage banks. Unlike British India, especially the neighbouring Province of Madras, the Central State Bank alone seems to thrive while district banks started in different centres are languishing. The system of Bombay—namely, the Provincial Bank starting its branches in different centres—may therefore be tried with some advantage.

It is interesting to note that the consumers' movement in the State made some progress, and that articles worth over 20 lakhs were bought and sold by co-operative stores which as a whole earned the net divisible profit of over 55,000 rupees. A considerable portion of the State is mountainous, and this region, known as Malanadu, is not co-operatively so developed as the

plains. Land mortgage banks are to be started in this region, and attempts are being made to sell some of the produce of this area, such as areca nut, by means of co-operative organisations.

One interesting sociological experiment conducted by the State is the running of a co-operative colony of poor depressed classes. The agriculturists cultivate their lands co-operatively, pool their resources in men and money, and attend to their requirements such as road-making, repairing of tanks, etc., co-operatively. There is a Co-operative Institute at headquarters; it publishes a co-operative Journal in the vernacular of the State and is in charge of propaganda in general. The State is making steady advance in every respect.

## XII.—GENERAL OBSERVATIONS

It is twenty-five years since the movement was ushered into existence under the auspices of Government by the Act 10 of 1904, and a quarter of a century is sufficiently long time for any movement to take root in the soil and grow and show its peculiar characteristics. Taking stock of the movement as it is in India, one is impressed by the fact that it was and has remained mainly a Government enterprise. This prenatal defect of the system has not been entirely worked out. As Sir Horace Plunkett has put it, in his evidence before the Agricultural Commission, "it is not a spontaneous growth but only a Government policy."

It is not impossible, however, for an exotic to take root in the soil and get acclimatised if conditions be favourable. There are one or two impediments in the way of the movement becoming a people's movement, and they may be briefly stated as follows: Co-operation is primarily a business, and in order to conduct the business successfully it is taken for granted that a certain amount



of literacy and business capacity on the part of the members is absolutely necessary. Owing to causes which we need not go into, the illiteracy of the masses of India remains a thing of which any civilised government should be heartily ashamed. Moreover, the old village government, which gave the villager an opportunity to gain administrative experience on a small scale, has been practically wiped out of existence by a very efficient but bureaucratic and centralised form of government, so that capacity for taking the initiative has been considerably weakened on the part of the villager. Little has been done to lessen the rigour of old habits and customs of age-long institutions, half social and half religious, that are mainly uneconomic in their tendencies. It is in such a soil that the co-operative movement has been planted, a movement which by thrift and by the elimination of the middlemen is intended to create capital, and has succeeded in doing so in places where circumstances have been favourable.

Owing to the fact that the movement was started by Government, and with the narrow object of providing cheap credit to the villager, the credit aspect alone, as was pointed out before, has been emphasised to the neglect of others; but even in the starting of credit societies the warning sounded by the MacLagan Committee has not been given due attention.

The movement is essentially a moral one, and it is individualistic rather than socialistic. It provides as a substitute for material assets, honesty and a sense of moral obligation, and keeps in view the moral rather than the material sanction. Hence the first condition *obviously is that every member should have a knowledge of the principles of co-operation, if this co-operation is to be real and not a sham.* In the formation of a society the first essential is the careful selection as members of honest men, or at any rate of men who have given satisfactory guarantees of their intention to lead an honest life in future.

Only in recent times has the organisation of new societies been left in some Provinces to the financing banks, and in others to unions and other co-operative organisations. In the earlier stages it was entirely in the hands of the Government officials, who in their enthusiasm for showing numerical progress were responsible for starting many societies in rural areas without taking care to see that the condition precedent, as enunciated by the MacLagan Committee, was present. The result of such hasty organisation and of the lack of close and unremitting supervision has been partial failure of the credit movement. Irregular payment has become chronic, and overdues mount up. Governments of various Provinces, feeling that the ultimate responsibility for the good conduct of the movement rests upon themselves, fall into an alarmist mood and appoint committees of enquiry, and the reports reveal a very unsatisfactory state of affairs. In some Provinces, as in Burma, the condition seems to be almost desperate, and very drastic measures are recommended.

Even in the matter of credit the earlier workers had no clear conception of what kinds of credit the agriculturist wanted and whether a village society was competent to supply all of them. It is only after years of experience, and very often of a bitter nature, that we have now come to realise that the agriculturist wants three kinds of credit: short-term credit for immediate purposes of cultivation which he would be able to repay as soon as the harvest is gathered; long-term credit for permanent improvement of lands and for clearing off old debts, which he would be able to repay only out of his annual net savings and over a long period of not less than twenty or twenty-five years; and intermediate credit which is expected to be repaid within three to five years. When rural credit societies were originally started in certain Provinces they mainly confined themselves to short term credit. In other Provinces, however, they attempted the

impossible task of accommodating the agriculturist in all respects to the best of their abilities, and the result is the unsatisfactory working and the threatened breakdown.

Then, again, there was no conception of the economic problem of the peasant as a whole. Cheap credit was looked upon as a panacea for all the ills the cultivator was groaning under. It took some years to find out that unless he is helped in other ways as well—that is, unless he is supplied the articles he requires as cheaply as possible, helped to supplement his meagre income by suitable occupations, and given facilities for getting the maximum amount by selling the produce at favourable seasons—unless all these things are attended to simultaneously, his net gain is very little. It is only in recent times that societies are being formed for the supply of the agriculturist's needs and for the sale of his produce; it is only in recent times that this comprehensive and synthetic conception of co-operation as applicable to the agriculturist's life has been gaining ground. The "better living" societies of the Punjab aim at eradicating some of the social evils as well as improving the economic standards of the peasant. As the Agricultural Commission has recommended, the entire outlook on life of the peasant has to be radically altered. The spirit of divine discontent is to be infused in him, and he must be made to feel the urge from within himself and the village in which he lives. This means the envisaging of the rural problem as a whole, and not looking at it from this or that point of view only. The cry of rural reconstruction has now been raised, and many provinces are taking it up. It is hoped that this way of looking at the problem will become more popular with social workers and co-operation thus find its proper place in the scheme of rural uplift. It is today the main lever for all kinds of rural improvement; when co-operative societies are worked in the proper spirit other improvements follow, as is shown by the

results of uplift work in Garagon district in the Punjab and at Alamuru in Madras.

When the movement was started, the chief officer in each Province, the Registrar, and his staff, had to organise societies, had practically to run them, supervise the working of the societies, audit their accounts, and do everything to see that the movement was progressing on right lines. As the number of societies has been increasing, the expenditure on the Registrar and his staff has also been increasing; but he has been slowly withdrawing himself from the various kinds of work he was originally doing. Organisation almost entirely, and supervision to a very large extent and audit also, are being attended to by non-official organisations, and yet Government expenditure upon the Registrar and his Department shows no tendency to decrease in any way. It has often been proclaimed by Government officers that the movement is entirely a non-official one, that they are there till the non-officials are properly trained to take charge of the movement and will retire the moment they feel confident that it can be safely and efficiently run by the non-officials. This goal, held to be the ideal, is yet far to reach, and unfortunately in modern times, owing to the partial breakdown of the movement in many Provinces, an opposite tendency has set in—*i.e.*, for the official grip over the movement to get tighter. It is highly to be regretted that the Royal Commission of Agriculture has thrown its weight on the side of the strengthening of the official machinery; but it is a matter of some consolation that during this last quarter of a century non-officials have been organising themselves and that major Provinces now have provincial organisations which, with a little more experience and better financial help from Government, would be able to relieve the Government of a good deal of its work. What is necessary is a change in the angle of vision on the part of the Bureaucracy. If the Government will continue

their work with a fresh point of view and train non-officials to take charge of the movement, they will gain the lasting gratitude of the masses much more than they would ever get if they continue to keep the movement in their own leading strings. It is agreed on all hands that the movement is full of potentialities for the future welfare of the masses of this subcontinent, and His Majesty only voiced the sentiments of all when, in reply to the civic address of the new capital of India, Delhi, he said in 1911 that "if the system of co-operation can be introduced and utilised to the full, I foresee a great and glorious future for the agricultural interests of the country."

## CANADA

### I.—MANITOBA

#### *The Wheat Pool.*

THE world—or that part of it which reads the newspapers—has had before it this year more information about wheat production and wheat marketing than it has ever had before. There were record crops in every major wheat-producing country, world production (exclusive of Russia) being estimated at 3,898,000,000 bushels, Canada's production being estimated at 547,000,000 bushels.

The prospects of this enormous world production led to many predictions of a return to pre-war prices, and undoubtedly, without some agency regulating the flow to market, prices would have gone to a level that would have meant disaster to those countries in which agriculture is striving to maintain a decent standard of living. The great regulating agency was the Canadian Pool, deliveries to which amounted to 253,102,585 bushels. To market in an orderly manner this proportion of the gigantic production was a serious enough task, and the task was made more difficult by the abnormally large quantity of low-grade wheat, the result of a severe pre-harvest frost which covered almost the entire area of the Prairie Provinces. Of the deliveries to the Pool only 64,600,000 bushels were of statutory grade—*i.e.*, 1, 2, 3, northern; 4, 5, and 6 taking in over 127,000,000 bushels.

The efforts of the Canadian Pool to prevent a ruinous break in prices attracted the attention of the entire business world, and led to an amount of public comment which gave the wheat

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pools front page space in the Press of three or four continents. Much of the comment indicated a calm recognition of the introduction of modern approved business methods in wheat-marketing; some of it was critical of what looked like monopolistic methods. The following figures, showing each month's marketing of the Pool, expose the error of the assumption that the Pool was deliberately holding up supplies, the large carry-over (as at August 31, the end of the Pool year) representing a volume that could not be disposed of without demoralising the market.

1928.					<i>Bushels.</i>
September	..	..	..	..	29,955,000
October ..	..	.	..	..	24,962,000
November	..	..	..	..	22,441,000
December	..	..	..	..	22,488,000
1929.					
January	..	..	..	..	18,291,000
February	..	..	..	..	15,682,000
March ..	..	..	..	..	15,546,000
April ..	..	..	..	..	13,454,000
May ..	..	..	..	..	4,510,000
June ..	..	..	..	..	20,103,000
July ..	..	..	..	..	13,561,000
August ..	..	..	..	..	3,751,000
Carry-over August 31 ..	..	..	..	..	48,358,585
					<hr/> 253,102,585

Deliveries from the provincial pools to the Central Selling Agency were as follows:

					<i>Bushels.</i>
Alberta ..	..	..	..	..	67,444,356
Saskatchewan	..	..	..	..	158,424,177
Manitoba ..	..	..	..	..	18,379,667
					<hr/> 244,248,200
Local purchases to complete shipments . .					8,854,385
					<hr/> 253,102,585

The deliveries to the Pool represent 51.3 per cent. of the total wheat deliveries in Western Canada. Coarse grain deliveries were as follows:

					<i>Bushels.</i>
Saskatchewan	..	..	..	..	18,268,714
Manitoba	..	..	..	..	15,837,943
					<hr/>
					34,106,657
Local purchases	..	..	..	..	1,587,400
					<hr/>
					35,694,057

The gross turnover of the Central Selling Agency for the year amounted to \$288,097,071, of which \$263,842,649 represented wheat sales. The overhead cost amounted to  $\frac{1}{8}$  of a cent as compared with  $\frac{1}{8}$  of a cent last year.

### *Manitoba Wheat Pool.*

Deliveries to the Manitoba Wheat Pool for the year were as follows:

					<i>Bushels.</i>
Wheat	..	..	..	..	18,338,114
Oats	..	..	..	..	2,215,549
Barley	..	..	..	..	12,876,122
Rye	..	..	..	..	529,189
Flax	..	..	..	..	172,347
					<hr/>
Total	..	..	..	..	34,131,321

During the year twelve new elevator associations were organised and brought into operation, making a total of 153 associations operating 155 elevators. In the Manitoba Pool Elevator System each elevator association is a local co-operative body, incorporated under the Manitoba Co-operative Associations Act, owning and operating the elevator subject to certain obligations to the Manitoba Wheat Pool and federated in Manitoba Pool



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**Elevators.** Members of the elevator associations are bound to the Association by contract, as they are bound to the Pool by contract. The total Pool membership is 20,872, of which 10,864 are members of local elevator associations.

Beginning with 1930 the Manitoba Pool contract will be continuous—that is, it will be for the usual term of five years, but if the member does not formally cancel his contract at the end of that period it will automatically go into force for another term of five years.

Amendments to the Pool charter were passed by the provincial legislature this year. The old name—Manitoba Co-operative Wheat Producers—has been changed to the name by which the Association has always been known—Manitoba Wheat Pool. The other changes in the charter were made to meet legal conditions which were not foreseen when the Pool was formed.

The experimental seed-growing which the Pool began last year among young people has developed almost into an institution. There are now 378 young people (both sexes) engaged in conducting seed plots under the supervision of Manitoba Agricultural College and the superintendents of two Dominion experimental farms. In addition, 129 young people are conducting plots for fertiliser tests. This work has earned the highest praise from the agronomists who are supervising it, and the number who gain high marks in the tests indicates that the young people take the work very seriously.

The elevator improvement competition which the Pool promoted among the local elevator operators last year has also turned out a successful experiment. Grain elevators are not among the most beautiful buildings to be seen along the railway lines in Western Canada, nor do they, as a general thing, add to the appearance of a country station. The Pool has sought to make its elevators something more than mere grain-handling

facilities. The elevator system is divided into districts, and three prizes are given in each district for the best kept elevator and grounds. In addition, a magnificent silver cup goes to the elevator association whose elevator is adjudged the best in appearance in the entire system. The cup is competed for annually. This competition, the first of its kind in the West, has resulted in Pool elevators becoming an ornament instead of an eyesore, and in local associations and their elevator operators taking taking a pride in their property.

### *Dairying.*

Another plant was added to Manitoba Co-operative Dairies this year, making three plants now operated by this co-operative at Winnipeg, Brandon, and Dauphin. Excluding the Dauphin plant, which was acquired after the close of 1928-29 business year, the co-operative manufactured 1,817,749 lb. of butter and paid a patronage dividend of  $1\frac{1}{4}$  cents per lb., butterfat amounting to \$19,004. The quality of the product turned out by Manitoba Co-operative Dairies may be judged from the prizes won at dairy exhibitions this year by the two plants. They include 49 first prizes, 20 second, 11 third, and a number of other prizes. The co-operative has 5,195 shareholders and approximately 10,000 shippers. The patronage dividend of non-shareholder shippers is retained toward building up a share.

### *Eggs and Poultry.*

During 1928 the membership of Manitoba Egg and Poultry Pool increased by 1,718, giving a total membership of 11,670. The business for the year amounted to \$866,667.

To this co-operative goes the credit of raising eggs and poultry from a side line on the farm to a real factor in the farm business

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and the farm income. It has not only got better returns for the producer by organised marketing, but has induced him to add value to his product by improving its quality. Not so long ago the Western farmer was a free-trader; now he is not so sure. He has found that while his co-operative has improved the market for his eggs and poultry, it has also created a good market for his competitor in the United States, and so through his egg and poultry co-operative he is asking for a higher tariff on low-grade eggs, not, it must be noted, on high-grade eggs. To put it plainly, he wants restaurants, hotels, bakers, etc., to use good and not poor eggs, believing, evidently, that there is a kind of Gresham's law in the egg market by which bad eggs (provided they are not too bad) drive out the good !

### *Livestock.*

One year ago the newly formed Central Co-operative Livestock Producers, which is a selling agency in Winnipeg, Manitoba, for the Alberta Co-operative Livestock Producers, Saskatchewan Co-operative Livestock Producers, and Manitoba Co-operative Livestock Producers, held third place for business transacted on Winnipeg markets; it now heads the list. In September, 1928, it handled 10 per cent. of the total business on the market; in September, 1929, it handled 21 per cent. of all sales. For the calendar year 1928 it handled 1,861 cars of livestock for its three component bodies, made up as follows:

						<i>Cars.</i>
Manitoba	..	..	..	..	..	897
Saskatchewan	..	..	..	..	..	924
Alberta	..	..	..	..	..	40

It should be understood that while Winnipeg is the only market for Manitoba, the Saskatchewan Co-operative may sell at two places in that Province, and livestock markets also exist

at two places in Alberta. It is the surplus from the markets in the two latter Provinces which is shipped to Winnipeg.

The Manitoba Co-operative Livestock Producers is organised by local associations, each covering an appropriate area. The total membership of the Association is around 6,000.

### *Co-operative Buying.*

Manitoba Co-operative Wholesale, amid many difficulties, is slowly forging ahead, and now represents forty-three local buying units with a total of about 5,000 shareholders. It is not easy to organise local consumers' co-operatives where credit is almost a necessity, and where the catalogue of the mail order house is handy for the cash customer. The most prosperous of local co-operatives are those dealing in gasoline and oils. While there are a few consumers' co-operative stores in Manitoba, most of the co-operative buying is by the local Association on specific orders from its members and in bulk.

### *Wool.*

The Canadian Co-operative Wool Growers is a national organisation with branches in the various Provinces. It is represented in Manitoba Co-operative Conference, and it reports a substantial increase in its Manitoba business, which it attributes to the work of the Conference. This co-operative has decided to go on a contract basis, and on October 18, 1929, over 600 contracts had been signed. The organisation in the season 1928-29 marketed 764,000 lb. of wool delivered to it from 1927 shippers.

### *Toward Unity.*

The most significant feature in the agricultural co-operative movement in Canada is the tendency toward unity—unity around the commodity in marketing and unity in the movement for

educational purposes. The Wheat Pools do not compete with each other; they have one selling agency. The livestock co-operatives in Western Canada established a central selling agency at Winnipeg; on September 1, 1929, the livestock offices in Montreal of the Quebec Federation of Co-operatives, and the United Farmers' Co-operative, Ontario, voluntarily closed up to make way for the Canadian Livestock Co-operative, which will be a selling agency in the Montreal market for all the provincial livestock co-operatives, thus relieving pressure on the Western markets.

In March, 1929, a conference of representatives from the egg and poultry marketing co-operatives of British Columbia, Alberta, Saskatchewan, and Manitoba was held in Regina, and the outcome was the formation of the Canadian Poultry Pool Ltd., a central selling agency for the four Western co-operatives with offices in Montreal. The Canadian Poultry Pool has a membership of over 40,000 producers and over 2,000 local merchants who take eggs from the farmers in small quantities. Here, again, competition among the co-operatives is eliminated and pressure upon local markets reduced.

The Manitoba Co-operative Conference, an unincorporated body composed of representatives from all the co-operatives in the Province, may be taken as an example of the tendency toward unity in the movement. The Conference this year appointed a director of publicity who serves all the co-operatives, and whose material lays constant emphasis upon the avenues of co-operative service which the various enterprises offer the farmer.

In an interview with the provincial cabinet the Conference asked for co-ordination of relevant activities between Government departments and the co-operatives—*e.g.*, work among young people, marketing and quality production; assistance through the Co-operative Marketing Board for a co-operative summer school;

inclusion of material dealing with co-operation as a philosophy of life in primary school readers. The Government was sympathetic to all three requests, and has authorised a grant of \$3,000 toward the school, the first of which will probably be held in June, 1930, at Manitoba Agricultural College.

J. T. HULL.

## II.—ONTARIO

Important milestones along the path of progress in the co-operative effort put forth by farmers in the Province of Ontario (Canada) within the short period of fifteen years are:

1914.—Organisation of a Company called the United Farmers' Co-operative Company Limited, with Head Office in Toronto, the primary objective being an improvement in the conditions under which the business of farming was being conducted.

1919.—The establishment by the Company of a Livestock Commission Department for the purpose of removing grievances connected with the marketing of cattle, sheep, and pigs, and securing for the producer a bigger share of the consumer's dollar.

1924.—Providing a creamery department through which to give cream shippers a cash payment on their cream, to be followed by a distribution of excess profits in the form of patronage dividends every six months.

1927.—Formation of the Ontario Grain Pool as a Department of the Company through which growers could market their grain in an orderly manner, complete proceeds of sale (over and above the actual expenses of operating the Pool) being distributed to growers on a uniform price basis on the same grade of grain for each Pool year.

Other milestones not under the wing of the pioneer company are:

1918.—Organisation of Canadian Co-operative Wool Growers Limited, with Head Office in Toronto.

1923.—Formation of the Ontario Honey Producers' Co-operative, also with headquarters in Toronto. Other local co-operatives are scattered here and there throughout the Province—some co-operative in reality, others in name only.

The net result of the achievements from year to year, and of the educational work done by individuals, through locals and at conventions is the development of an ever-increasing respect for the business ascendancy of the farmer. The man on the land himself has confidence in the ability of co-workers on the land to handle a business undertaking successfully, while bankers and others of the financial world have learned that they must support co-operative enterprises sponsored by any considerable body of farmers.

This brief review of the high spots of the organised farmers in business covers the period that follows on the heels of the Patrons of Industry and the Grange. The United Farmers' Co-operative Company Ltd., when organised in 1914, was designed first and foremost to put an end to exorbitant costs of the primary needs of the farm. Wire fencing was away too high in price. Binder twine cost too much. Unreasonable margins on flour and feed accumulated between the mills and the farm purchaser. The same held good on coal, building materials, and a host of other articles every farmer had to buy. Difficulties were met, but the Company, even with limited capital, plugged along securing supplies where it could, increasing its turnover year by year, strengthening its organisation gradually, overcoming weaknesses in policy and management, and generally profiting by experience until with over 20,000 farmer shareholders and an annual volume totalling over twenty millions of dollars, it found itself, within ten or twelve years—in spite of the handicaps of

war-time—in an enviable position, with big firms seeking its patronage instead of shunning it or refusing to have any business dealings with it. The Company, of course, was obliged to use weapons of business warfare in bringing about this change in conditions. For instance, it was found necessary to bring twine supplies from Ireland or from Holland.

Before the Company was many years in operation a venture in the establishment of local general stores proved to be somewhat disastrous from a financial viewpoint. After a few seasons of unsuccessful endeavour, due largely to the difficulty of getting and keeping competent local managers, this whole phase of the business was closed out with a loss of a few hundred thousand dollars.

By 1918 the Company directors and others who studied the plight of the agriculturist, concluded that the Company could render a real service in helping producers to market their products. In 1919 a start was made in the form of a Livestock Commission Department, with an office in the Union Stock Yards, and operating in conformity with stock yards rules and regulations, the same as numerous other commission firms. Local shippers sympathetic towards the farmer movement, and individual shippers, soon placed the Department in the lead among the Livestock Commission concerns. But no provision was made for co-operative distribution of profits that accrue from that Department. The service rendered, and the improvement in the service given by those drovers who continued to bring shipments to the stock yards from all parts of the Province, have convinced the stock-producing public that the Department has justified its existence. It is worthy of note that within a very few years the number of local drovers who made a living from the handling of the farmers' livestock offerings was cut in two at a great many shipping centres. The Company in 1929 has undertaken to organise



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in some counties for shipping under contract. By September over 1,000 three-year contracts had been signed in one county. With a guaranteed supply it is felt that much more can be accomplished in the interests of producers, and the intention is to extend the contract system as fast as producers want it.

In the Creamery Department the co-operative principle was adopted from the start in 1924. Shippers to the Company's plants get payments twice a month which are on par with total payments offered by competing creameries. In addition, distributions of excess earnings, if any, are made every six months—spring and fall. In five years these patronage dividends total close to half a million dollars. They generally run 3, 4, or 5 cents per lb. of butter-fat. Seven creameries located in different parts of the Province are now under operation, and the Company makes over one-tenth of the total butter production of the Province. There is not the slightest doubt but that all cream producers, whether they use the Company's service or not, get more for their cream than they would get if there were no co-operative creameries.

Egg shippers also were given the opportunity of tasting the sweets of co-operative marketing a few years ago, when announcement was made that high-quality eggs would be put into a pool. With cold storage accommodation for about fifty carloads, it was felt that something worth while could be done in overcoming the slump in prices that came every spring during the period of heavy production. Many farmers had been accustomed to taking 18 cents a dozen or less. The Company offered 20 cents a dozen, cash payment as the eggs arrived and were graded, and then a further distribution of the proceeds, less 1 cent a dozen, in the fall or early winter. The Pool has netted the producers over 30 cents every year except one. It is the verdict of those who should know that prices have been stabilised on a more uniform level

than would prevail without the Pool, and that prices range about 3 cents a dozen higher to the producer.

An extension of the genuine principles of co-operation to the handling of grain was first given serious consideration in 1926. Growers in many parts of the Province, having learned of the benefits of pooling wheat in the Western Provinces, clamoured for the introduction of this new marketing system into Ontario. The directors and the management, having studied the situation from all angles, submitted a pooling proposition to the shareholders in attendance at the annual meeting in December of that year. Authority was given to go ahead with the organisation of the Ontario Grain Pool for the handling of the 1927 crop. At the first organisation meeting, held late in January, over 400 farmers discussed a pooling contract framed after the one that had been in use in Western Canada for two or three years, and enthusiastically accepted it as being devised to provide for an improvement in the conditions under which Ontario grain was marketed. In six months over 8,000 farmers in seven counties had signed the contract, and arrangements were made with existing mills and elevators throughout the territory covered to accept deliveries from members at any time that would suit their convenience after harvest; 1,750,000 bushels from the 1927 crop went into the Pool.

Lack of storage at points of shipment made it necessary to arrange for transfer of large quantities of wheat early in the season. Mills located in the Province could not or would not handle it, and the Canadian Co-operative Wheat Producers Ltd., the Central Selling Agency of all the Canadian grain pools, agreed to send it to the American seaboard for export. This was done without any fear that it would militate against a reasonably high average return on the wheat, though they preferred to have it milled within the Province.

The records covering the sale of Ontario wheat showed that the local quotations throughout the Province were several cents under seaboard prices. However, when a few hundred thousand bushels of wheat had reached seaboard, it was found that Ontario prices were above export quotations; and that condition has prevailed ever since.

In spite of the lack of home storage and the losses incurred on wheat that had gone out of the Province, however, the Pool price, after all expenses for handling, storing, interest and management had been paid, netted Pool members as much as, or more than, the figures obtained by over 90 per cent. of the non-poolers.

The net result of the first year's operations was the establishment of confidence in this new system of marketing, in so far as it applies to Ontario wheat. Between three and four thousand new members were added before the 1928 crop was marketed, and during the summer of 1929 the membership increased to over 13,200 without any campaign. New contracts came voluntarily from farmers in territory where the Pool had been in operation for one or two years—growers who refused to sign when canvassers called on them during the organisation campaign.

All growers' contracts cover a period of five years. No one who studies the question and looks back on the returns secured by producers under the old competitive system doubts the claim that the Pool has meant an improvement of 15 cents a bushel or more on the price of wheat—and this without making bread dearer than it was under similar production conditions prior to the years of the Pool. The weakness of the Pool, however, lies in the fact that in many localities less than half the crop is under contract, and local mills can get most of their needs direct from non-poolers, paying them within a few cents of the price asked by the Central Selling Agency on at least part of the crop, and thereby creating a condition that leaves the non-pooler in a

position to say he gets more than his neighbour who has signed the contract. Too many prefer to take "free rides" to higher prices at the expense of those who support the co-operative effort for the good of farmers as a class.

Thus it is, however, that in fifteen years this joint stock company, organised by farmers who banded themselves together for business purposes, and to fight shoulder to shoulder against those who charged exorbitant prices for the main needs on the farm and in the home, has adopted true co-operative principles and methods, and placed them at the services of all and sundry. Progress in the future depends on how close the farmers come to 100 per cent. of support of the main efforts sponsored by the Company in the interests of producers.

Those farmers who interest themselves in sheep-raising some years ago set about the solving of the problem of marketing wool on a co-operative basis. Few there were who did not feel that they were getting much too small a return on their wool. Local associations were formed, but these did not for a time co-ordinate their efforts. In 1918 Canadian Co-operative Wool Growers Ltd. was formed with the object of amalgamating these local associations, and including other growers to collect, grade, and sell the annual wool-clip co-operatively. Within ten years an enviable reputation was established for Canadian wool, so that it can compete in the open market against fleece wool from the United States, South America, New Zealand, and Australia successfully. From a total clip of somewhere about 15,000,000 lb. in the Dominion of Canada, the Co-operative handles from 3 to 5 millions of pounds, or more, each year. Operations are carried on in every Province in the Dominion, with warehouses at strategic points. While the idea of selling as much as possible to Canadian mills is cherished by the directors and the management, world markets are sought so that growers may be assured of highest possible

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returns. Wool from each Province goes into a separate Pool, and is settled for on the basis of grade prices, less actual costs of operating the co-operative.

At the annual meeting early in 1929 the directors were given authority to prepare a contract for the wool growers of the Dominion, the contract basis to be adopted as soon as the volume signed up amounted to 3,000,000 lb.

Ontario honey, too, is marketed co-operatively through a separate co-operative—the Ontario Honey Producers' Co-operative Limited—and under a brand name, "Beekist." Organised in 1923, a child of necessity because of a demoralisation of the honey market and the consequent ruin of many large apiaries, the membership has increased from 354 the first year to over 1,100 in 1929. From the beginning it was the opinion of the promoters that although collective buying of supplies was important, it was secondary to the more important matter of organised selling. How well it succeeded in its purpose is indicated by the fact that although 1,500,000 lb. of honey from 1922 was carried over to 1923 with a prospect of a 7 cent price, the Company, at the close of its first year, returned 10½ cents to its members on light honey. Home markets had been organised and prices stabilised beyond all expectations. However, markets were sought abroad to provide for the future, and regular shipments go to many parts of the globe. The poundage handled by the Co-operative varies with the season, and runs from 3,500,000 to 7,000,000 lb. a year. The outstanding achievements have been the standardisation of the pack both as regards the grade of honey and the type of package used, the reduction of transportation costs, and constant advice to producers showing them the pack that will be required to meet the various market requirements.

Considering the fact that Ontario is one of the oldest Provinces

of Canada, perhaps some will entertain the opinion that she has been slow to adopt the co-operative idea in connection with the business of farming. Be this as it may, she has made real progress in the past fifteen years—and particularly since the Great War ended. Seed sown by the enthusiasts of earlier years has borne fruit, and at the close of 1929 it would seem that Ontario farmers are as ready as any in the world to put into practice true co-operation.

J. A. HAND.

## AUSTRALIA

### I.—WESTERN AUSTRALIA

CO-OPERATION is business. If it stops short at that it shows little improvement on business as it existed before co-operation, except an increase in the number of business men. It is on the progress of co-operation as a humanising cult that we must measure its permanent influence on social welfare.

So in appraising the development of co-operation in Western Australia during the past year much depends upon the standpoint from which we take our view. Is it to be material or ethical? Are we to calculate members, capital, turnover, profits, interest, and bonuses, and say we have made so much headway since the last accounting; or are we to judge by the evidences of social awakening, the development of the spirit of mutual helpfulness which are made manifest in the better citizenship? Measurement of the material is easy; indeed, something to be proudly vaunted in tabulated statements showing the humble beginnings in the year of birth swelling to the many hundreds of thousands and even millions of maturer years. Two claims may truthfully be made: The Westralian Farmers Limited, central organisation of the Co-operative Movement in Western Australia, is the biggest individual commercial enterprise in Western Australia, while the West Australia Co-operative Wheat Pool has the biggest turnover in the State, and is the largest individual shipper of wheat in the Commonwealth. One may rest his claim here, and say that the Co-operative Movement has justified itself in Western Australia in its climb to the forefront of Big Business.

The information on which ethical progress must be judged is more intangible. My own opinion, based on intimate contact with many sides of the movement, is that there is a reasonable degree of solace derivable from advances made, more room for hope for better things in the future, with some misgivings about present weaknesses which co-operators are apt to ignore.

It would be difficult for a sympathetic observer outside Western Australia to gain a clear idea of co-operative development in this part of Australia without knowing something of the motives which led to its beginning. The founders of the Westralian Farmers Ltd. were no impecunious but inspired prophets, filled with visions of the co-operative promised land, and elaborating a Mosaic code of co-operative principles which alone could lead to the Co-operative Commonwealth. Most of the men associated with the beginning of the Westralian Farmers Ltd., and the country agricultural co-operatives, were farmers in a fairly successful way. Many of them had the joint stock rather than the co-operative attitude to business. Their main objection was the negligent attitude of the rest of the community toward the farmer, more usually contemptuously referred to as the "cocky." What they demanded was a place in the sun, politically and economically. Co-operation was one of the methods by which the assertion of the farmers' importance was to be achieved. The surprising development of the movement is the best tribute to the perspicacity of the founders and the rough but practical wisdom of the structure they erected.

The simple rules of the Rochdale Pioneers make the architectural design of industrial co-operation throughout Europe. Raiffeisen and Delitsch credit systems have sufficed the peasantry, white, brown, and black, almost everywhere; the form of marketing organisation fashioned by the fruit and nut growers of California has become the classic copy adopted by many of the



leading pooling organisations of America, not least of which are the powerful Wheat Pools of Canada; but agricultural co-operation in Western Australia has developed on its own lines and in defiance of some of the accepted traditions of the movement. In many respects this departure from traditions has been justified by results, in others it accounts for the weakness I have already alluded to.

The ideas influencing the founders of Westralian Farmers Ltd., and later the co-operative units in farming centres, naturally resulted in a diversity of opinion as to the lines on which the movement should be established, which would not have been apparent had they been endowed with previous experience in co-operative government. Fortunately enough a previous effort to establish an agricultural co-operative left behind it enough of its teaching to impart sufficient of the right spiritual influence to savour the new evangel.

Among the leaders who left their mark prominently on the history of Western Australia was the late Charles Harper, legislator, agricultural path-finder, and public-spirited citizen. His work was not of a self-advertising character, but he had a clear conception of right co-operative principles and was keenly interested in their practical application as a means for building up a self-dependent agricultural population in Western Australia. His stimulus helped in the foundation of a farmers' co-operative, which proved to be somewhat in advance of the level of opinion among farmers. Though the Producers' Union, as the Society was termed, did not flourish to the same extent as the Westralian Farmers' Company into which it was merged, the right ideas still flourished and bear fruit today in the efforts of the Co-operative Federation of Western Australia, the watchful guardian of principles, to keep the farmers' movement true to co-operative principles. Probably the choicest fruition of the late Charles Harper's

hopes is the fact that today his son, C. W. Harper, as Chairman of the Co-operative Federation of Western Australia, and Trustee of the West Australian Co-operative Wheat Pool, is firmly convinced of the necessity of maintaining co-operative organisation on a democratic basis of control by members, and ensuring the distribution of profits as a bonus on business done by members rather than as dividends on capital. He has a number of lieutenants and many supporters who have accepted the same ideas.

### *House-mending Experiments.*

I have emphasised the empirical growth of the co-operative movement in Western Australia because it helps to explain the nature of some of the developments during the past year. It is not a structure rising storey by storey to complete architectural plan, but is rather a haphazard growth; adding here, pulling down there, and rebuilding on altered lines somewhere else. It is a tribute to the average good sense of the builders that the net result is sound progress for the movement as a whole. It is to be expected that in a movement which has shown such rapid development there should be failures and backslidings. Some managers were enthusiastic and honest believers in co-operation, but were inefficient; other managers were efficient enough but without knowledge of co-operative principles, and lacking the genius for helping cohesion. The jewels of men who combined efficiency with sound knowledge of principle were not enough to go round. The same criticism applied to Boards of Directors. A combination of these deficiencies in the two departments of control of a co-operative concern usually ends in disaster, and the history of co-operation in Western Australia is not without its pathetic tales of wreckage.

Redemptive efforts are not without variety. Where poverty of circumstances or lack of co-operative understanding seems to

forbid the possibility of establishing a local autonomous unit, the Central Organisation (another name for the Westralian Farmers Ltd.) steps in and establishes a group. This is really a unit of the parent stem, and the business of selling farmers' supplies and securing the co-operative marketing rights of farmers' products is a direct Westralian Farmers' activity. In other districts where local co-operatives have failed and the movement has been discredited, the Westralian Farmers Ltd. is again stepping into the breach and using its prestige to win back the farmers' allegiance. Here branches are established with the resources of the Central Organisation behind them. The principle of local autonomy is maintained by enrolling a local Directorate to assist and advise the local Branch Manager. An allocation of profits on the basis of local business is to be made, and it is hoped that in time fully fledged co-operative local units may be re-established.

These changes in structural organisation cannot compete in interest with a more recent experiment in the same direction. Relations between the Central Organisation and country co-operatives have not been always of the most cordial nature. Much of the revenue-earning work of the rural units is performed as representatives for the Central Organisation, and the relationship of principal and agent is apt to produce friction. Instead of a sense of mutual and equal membership of the one movement, there is a tendency in some of the rural units to regard the Westralian Farmers Ltd. as a sort of stern stepmother. This attitude is not really justified, because the Central Organisation has been very generous in its treatment of country co-operatives, and in several instances has shown much-strained forbearance.

At the Annual Co-operative Conference held last year a Committee was appointed to investigate this mutual relationship between centre and circumference of the movement, and to

suggest measures for promoting a more cordial basis for working together. The scheme submitted by the Committee provides in effect for a change from the relation of principal and agent to one of mutual partnership. The change over will apply to all business which is common to the central and country units, but will not affect the ordinary storekeeping business carried on by a number of the country co-operatives, because this is a department in which the Westralian Farmers Ltd. does not intervene. In all business in which both are mutually concerned there will be equality of partnership in the conduct of business on a basis properly set forth in an agreement.

It is anticipated that the new experiment will have far-reaching effects on the security and harmony of the movement. It will not be a matter of units unequally yoked together and panting for the divorce court, but will make for more direct contact with the individual farmer-member and economy in administration. The most fervent hope is that it will remove the risk of loss of rural units through local dereliction of duty, as it will mean that the state-wide co-operative movement will be at the back of units. Three co-operative companies in widely removed parts of the farming area are giving this partnership experiment a trial. At least twelve months must elapse before any verdict can be given on results, but these should furnish interesting matter for review in a future issue of the *Year Book*.

#### *Co-operative Co-partnership in Fertiliser Manufacture.*

During the past year the formation of Westralian Farmers' Superphosphates Ltd., a subject referred to by Mr. Dunman in his review of the work of the Co-operative Federation of Western Australia in the *Year Book* for 1929, has had astonishing results. The opportunity then given to farmers to obtain a shareholding interest in old-established fertiliser manufacturing industries on

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a bed-rock basis has been avidly availed of by farmers. A shareholding interest of one-third, amounting to 400,000 shares, in the two leading companies operating in Western Australia has been made available to farmers over a period of four years. To the present time 4,459 individual farmers have made applications for a total number of 269,488 shares. The conditions for payment are most liberal, and are safeguarded under a strict agreement which provides for a certain proportion of profits being distributed on a co-operative basis by way of a bonus per ton on fertilisers purchased by each farmer. Last year this was 2s. 6d. per ton, and it is anticipated that a similar amount will be distributed for the current year. Other advantages derived from the co-operative co-partnership are even more substantial. Two successive reductions, each of 5s. per ton, in the price of superphosphate have been made, and payment of cash before delivery secures an additional rebate of 8s. 6d. per ton. Farmers now have direct representation both on the Board of Directors of their own holding company and also on the Fertiliser Companies in which the block of shares has been acquired. In the case of these companies the acceptance of this co-operative partnership is making its influence felt in many ways. There is an evident desire to accept workable suggestions for the improvement of fertiliser output, encouragement is given to experimental work, a policy of decentralisation of manufacture to avoid congestion and delay in the transit of fertilisers is being actively carried out, and most significant of all, rationalisation (that much overworked word) of industry is being helped by an amalgamation of the rival companies which must lead to substantial economies in the cost of production.

The reaction of the co-operative farmer to this admission to the select circles of high finance has its humorous aspect. For twenty years the wheat growers have purchased fertilisers,

usually on terms which they had no voice in fixing, and which were particularly onerous. Distribution was in the hands of middlemen, and any participation in the control of manufacture appeared to be an impossible dream. The scheme of things was patiently acquiesced in, and rarely was there anything in the nature of a verbal kick. Co-operators were patiently working, however, with the result that manufacturers were induced to favourably consider proposals for co-operative participation. The actual scheme was so good that the natural suspicion of the farmer induced a search for the "nigger in the wood-pile." Patient explanation of the proposals soon won support, with the result of the splendid response in applications for shares. Just here is where the humour comes in. It certainly is amusing to attend a meeting of farmers, who over a long period of years never nursed a hope of becoming partners in the manufacture of their required fertilisers on such advantageous terms, gravely passing resolutions demanding still more concessions and improvements. Surely Shakespeare was right when he said that the "appetite grows by what it feeds on."

*The West Australian Co-operative Wheat Pool.*

Evidence grows year by year that the West Australian Wheat Pool is firmly established as a permanent unit in the co-operative structure of the State. Although it has not so far attempted to arrange a binding contract with its members for the delivery of their wheat for marketing purposes, there is a substantial and growing body of wheat growers so convinced of the advantages of pooling wheat for marketing purposes that its support can be firmly relied on. For the past season 6,000 wheat growers entrusted 17,400,000 bushels of wheat to the Trustees, representing 57 per cent. of the total quantity marketed in the State, the total turnover being 3½ millions sterling. This firm support

has enabled the Pool administration to effect many improvements and economies. A Pool subsidiary has been formed to control the work of superintendence of outturn of cargoes, the Co-operative Selling Agency in London has been strengthened, and physical handling of wheat continually improved. A new departure is being made for the 1929-30 season in that growers are being permitted to promise support for an extended term of years. The response in many instances is naïve but convincing. One grower labelled his promise a "Kathleen Mavourneen," which is slang argot for an indeterminate sentence in prison, another for "While the Pool lasts," and still another announced his determination to support the Pool "Till the Kows Kum home." Naturally there are still a number of wheat growers whose support is uncertain and fluctuating. Many can only see the result of the moment, and are unable to take the long view. There is great need, too, for many growers, even among the fully converted, to realise a scrupulous regard for the quality of their product, and to strive after the very best. Australian co-operative marketing has yet to win to the high standard of grading honesty which characterises the Californian and some other American pooling organisations where the "Co-operative mark sells the goods."

Summing up, however, it is pleasurable to be able to say that the steady development of the West Australian Co-operative Wheat Pool is one of the aspects of co-operation which inspires some of the feelings I have mentioned in my opening remarks—solace for the present and hope for the future.

*The Westralian Farmers Ltd.*

Accounts for the last financial year of the Central Organisation have not yet been made available to shareholders, but some of the salient particulars have been made available to me. There

are now 6,835 individual shareholders, which is a substantial percentage of active farmers in Western Australia. Share capital is now £211,126, of which £60,659 represents profits which have been capitalised in the form of fully paid shares issued to members as a bonus in proportion to their trading. Turnover shows a growth in volume consistent with the record of previous years, the total being £2,048,098, but the monetary figure for the year would be higher were it not for the depreciation in values of wheat and wool.

### *Rural Co-operative Units.*

Mention has been made of co-operative units which have fallen by the wayside, but it is gratifying to know that the Central Organisation is keeping the co-operative flag aloft in most of these centres. There are still sixty country organisations in existence, many of them well established so far as support is concerned, with substantial and well-appointed premises and large turnover. If we leave out the Westralian Farmers Ltd. and Producers' Markets Ltd., the latter a co-operative agency for marketing fruit, poultry, eggs, and vegetables on behalf of rural producers, the combined turnover of country co-operatives is about £850,000, while the inclusive total of these, with the two before excepted, is over £3,000,000.

The most serious menace to the welfare of agricultural co-operation in Western Australia is the disregard of one of the salient rules of co-operative trading as laid down by the Rochdale Pioneers—a strict adherence to cash dealing. This particularly applies to the storekeeping side of the movement, the sale of household goods and merchandise required on the farms. The practice of giving long credit has grown to an evil in itself and brings other evils in its train. It is not as if the matter is incapable of remedy, because a large body of farmers in the neigh-



bouring State of South Australia has proved that Rochdale rules can be applied to farmers' business with an unvarying record of success. Two successive droughts in that State with a third in being have left the solvency of the Eudunda Farmers' Co-operative Society in South Australia unaffected, simply because the savings of cash trading are available for farmers to use in such emergency. The reliance on long credit is like a blight on the movement in Western Australia, and a severe drought would shake to their foundations some of the country co-operatives with big business connections. Let me quote two typical cases—one where vigorous efforts are made to ensure some reasonable approach to sound trading methods, the other where the farmer's penchant for letting his store bill drift over long periods without settlement is laxly encouraged.

*Number 1* has an annual turnover of £34,427. Sundry Debtors and Bills Receivable amount to £7,812, or 22·7 per cent. of turnover, representing an average of less than three months' trading on the books. This co-operative has substantial general reserve, and special reserve for bad and doubtful debts, and last year distributed £551 in dividend on capital and £1,556 in cash bonus on trading.

*Number 2* has a turnover of £31,564. Sundry Debtors and Bills Receivable amount to £13,678, or 43·3 per cent. of turnover. Any suggestion of a cash bonus on trading in this instance was out of the question because the nominal profit made was entirely dependent on the security of these serious outstandings.

The moral effect of this laxity is pernicious. The sound members of the co-operatives who pay their way with regularity, and frequently carry the burden of control of the organisation as well, ultimately grow tired of seeing the benefits of co-operative effort denied to them because of the lax regard to business obligations on the part of other members. Good business is hampered

because wholesale buying cannot be conducted on the most favourable terms. Frequently it is the lax member who is most querulous and complaining because his co-operative finds it necessary to demand stricter regard for prompt payment of his debt. He will fume and threaten and demand to know why it cannot do as its competitors do under the old system of trading. He forgets that under the old system he was the bound helot of middlemen, who made him pay dearly for his terms and left him no hope for the future. Co-operation came to relieve him of this 30 to 40 per cent. toll for credit, and by teaching him the virtues of self-help first and combination for mutual aid with his fellows, to help him to win a better economic standing.

It is this attitude towards the co-operative unit of being some entity apart from and foreign to himself which is the most discouraging aspect of this type of member's conception of the movement. Until he can be brought to realise that the co-operative store or marketing organisation is himself and his fellows functioning in their own behalf, he has failed to begin to understand co-operation and is a source of weakness to the movement. This is one of the problems which must be courageously tackled by well-wishers of co-operation in Western Australia, and demands a sound and sustained effort in the way of co-operative education of the membership.

### *Co-operative Influence.*

Despite this somewhat lugubrious note, it is pleasurable to be able to record that co-operative influence has made its mark in social life. The larger areas of farms in Western Australia make for greater isolation for the farmer, and that isolation was reflected in a shrinking from contact with his fellows and the inevitable attitude of suspicion. Unity for economic ends inevitably leads to greater readiness to combine for political and

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social ends. There has been a great improvement in the attendance of representatives of the District Council meetings and frequently the company of womenfolk adds a social aspect to business meetings. Some societies run cinema shows for the entertainment of their members. In many centres farmers now take the lion's share of the conduct of local government, and in the control of social and humanising activities. Politically, farmers have had much to complain of in inequalities of the burden of taxation and protective tariff incidence. They have organised on this side with considerable strength, and have shown surprising tolerance and patience in awaiting results. Their interest in education is manifested by the fact that the first holder of the Basil Murray Memorial Scholarship—provided from a fund raised by co-operators—is just completing the required period of study at Muresk Agricultural College, and the next student to fill the rôle is in course of selection.

The conclusion, then, to which rightly we may come is that although no skilled architectural plan was originally devised, vigour and intelligence on the part of the builders of co-operation in Western Australia are helping to rear an enduring structure. Already the firm leaven of convinced opinion has helped to lead effort into right ways, and the increasing points of contact which it is finding with the co-operative movement in other parts of the world must assist in mending present weaknesses and maintaining that demand for progress and development without which all efforts with ideals in view must perish.

HON. T. H. BATH.

## II.—NEW SOUTH WALES

The N.S.W. Marketing of Primary Produce Act provides for the establishing of a Bureau of Marketing, to be administered by the Department of Agriculture through the Director of Marketing. In the original Act, the Director of Marketing was to be a member of any Marketing Boards that might be created under the Act. A subsequent amendment relieved him of this function. The Bureau of Marketing has now been functioning for a couple of years. It has directed its attention largely to the preparation of rolls of producers of commodities, to the holding of ballots under the Act, to market research, the forecasting of crops, the daily broadcasting and publication of current wholesale series, and to the vexed question of costs of production.

Except in the case of butter, where through the Patterson Scheme an Australian price is maintained for locally consumed butter at some pence per pound above the price that is obtained for the exportable surplus—and in the case of sugar, where by means of a bounty the price is maintained at a high level for local consumption, practically all primary agricultural commodities are sold at world parity. It is increasingly realised by producers that the costs of production, rather than world's parity, should be the deciding factor in prices. Producers are wondering how they fare as members of a community where, by such artificial devices as tariffs, basic wages, arbitration awards, workmen's compensation, an Australian standard of living is maintained, and where—though this standard of living greatly increases the cost of their every purchase and of their every expenditure—their receipts are based on world's parity. There is now a fairly general recognition of the fact that all of these institutions have contributed towards more costly production and that this may only be compensated by increased prices. The result is a pronounced

demand from a considerable section of the producers for an Australian price for the Australian consumed portion of our agricultural products. It is believed by this section that owing to the difficulty of co-operative organisation in N.S.W. the only means of arranging this is the Marketing Board.

As the result of polls held last year, Rice, Honey, and Egg Boards have been created, and are now operating. The butter producers in favour of a Board were not in sufficient majority to establish a Board; the wheat producers in favour of a Board were in minority. The matter did not, however, end with the negative polls, for advocates of both Butter and Wheat Boards are active, and there can be no doubt that a further appeal will be made to the producers of both sections when opportunity arises. Conferences of wheat growers have been held, and though there are complications and difficulties, action is likely to be taken during the year.

With respect to the butter position, there has been a very gratifying increase in the yield of butter fat per cow spread over the last four years, but, notwithstanding an increased population, there has been rather a decrease in the local consumption. These factors may operate to alter the proportion for home consumption and export, and with them the incidence of the Patterson Scheme.

The citrus crop for the past season was the largest harvested to date. As an approximation the figure is about  $3\frac{1}{2}$  million bushels as compared with a previous record crop of 2,300,000 bushels. This, in conjunction with other factors, notably a heavy crop of apples which set a low standard of prices, resulted in lower prices for all varieties on all markets than in any previous year. The Central Citrus Association operated effectively in providing satisfactory distribution—so that, notwithstanding the supply, no serious glutting of any market occurred, except in

one market, where a sudden and unforeseen supply by unorganised growers not connected with any packing house movement, did actually cause a glut. For various reasons a large proportion of the citrus crop is still handled by individual growers. The assumed  $3\frac{1}{2}$  million bushels included the whole of the crop of Commons, Mandarins, Lemons, as well as Navels and Valencias. The packing houses are little concerned with Commons, Lemons, and Mandarins, which provide approximately 60 per cent. of the local production, as only approximately 14 per cent. of their output is composed of these classes. Approximately 17 per cent. of the output of Navels and Valencias are handled through the packing houses.

The Sydney market provides an outlet for unorganised fruit, but it took only 31 per cent. of the standardised pack as compared with 69 per cent. sent to the country, interstate and overseas. Of the Central Citrus Association members' pack—

53·5 per cent. went out of the State.

15·6 per cent. went to the country.

30·9 per cent. sold in Sydney.

Careful distribution between markets has prevented market disturbance, and has maintained more satisfactory prices and at the same time developed markets.

The following figures are significant in this connection:

In 1926-27 the Central Citrus Association exported 18·9 per cent. of all New South Wales citrus to all ports in New Zealand; in 1927-28, 24·8 per cent.; and in 1928-29, 36·43 per cent.

These figures relate to all citrus, but of the Valencias, Navels, and Commons, in which the C.C.A. members are most interested, the C.C.A. exported to New Zealand for the 1928-29 season 50·5 per cent. of all N.S.W. supplies to New Zealand. The cream of the New Zealand market for Australian citrus is now practically reserved for the Central Citrus Association shipments.

Apart from such general activities as the purchase and maintaining of supplies of cases, the supervision of the return of empty cases, the supervision and consequent economy on Sydney cartage, the conduct of shipping and negotiation for space, the purchase of nails at special discounts, the recovery of rebates on empty cases, and the supervision and selection of markets, the Central Citrus Association keeps in close contact with every activity influencing citrus production and marketing, and is a real factor in keeping its members in touch with the necessary knowledge of current affairs for their general guidance.

With the recent development in the tomato-growing industry in New South Wales, both in the open and under glass, there has been considerable enquiry as to co-operative enterprise, both as concerns marketing of fresh fruit and manufacture. Considerable economies have been effected by local Tomato Growers' Associations (unregistered) in the transport and marketing of crops by co-operative methods. New South Wales has to some extent been dependent upon Queensland for its tomatoes. During the six months, July to December, 1928, we imported about 285,000 half cases valued at approximately £256,000 from Queensland. An instance of the development in New South Wales: at Valla on the north coast, where a couple of years ago dairying and timber production were the only industries, some 300 acres are now profitably under tomatoes. The greater development of this industry, for which there is plenty of scope, must, however, in large part depend on the development through co-operative effort of facilities for the disposal of crops.

On the Murrumbidgee Irrigation Area there is at present an attempt being made to organise a co-operative society to take over the control and management of the Leeton Cannery, built and up till now operated by the Government.

The Yenda Producers' Co-operative Society (on the Griffith

end of the Murrumbidgee Irrigation Area) provides marketing facilities and orchard supplies, grades, and packs, and generally assists settlers. It is practically a local organisation and a successful one, but it appreciates the advantage that would be afforded through a co-operative objective that would produce a co-ordinating movement between districts.

The Griffith Producers' Co-operative Company Ltd. provides an interesting case of co-operative development. The co-operative movement in the Griffith district had its origin in a meeting of settlers held early in 1916. A society was formed with a paid-up capital of £27, and a building erected by voluntary labour. The Society did not attempt to handle fruit, but confined itself to the supplying of groceries and general produce. In 1919 a new building was erected and fully stocked with general merchandise. Early in 1920 a beginning was made with a building on the railway line for the handling of fruit. This business was run as a section of the Society, and difficulties arose through the conflicting interests of the two sections. It was decided to separate the producers' interests from those of the consumers.

The Griffith Producers' Co-operative Company Ltd. was registered under the Companies Act, and was composed of three sections: Fruit, Butchery, and Agistment. These three sections were run for some years as one company, but the Agistment, and later the Butchery, separated and formed societies under the Co-operation Act, 1923. Some time later the Fruit Company followed in re-registration. Later the Agistment Society ceased operations on account of adjustment of the area of stock farms rendering it no longer necessary. At the present time there is the Griffith Co-operative Society Ltd. with a paid-up capital of £4,345, reserves £3,643, deposits £5,236, a total of £13,224, handling general merchandise; the Griffith Co-operative Butchery Ltd. with capital of £2,000, reserves of £1,500, selling meat on behalf of



producers; the Griffith Producers' Co-operative Company Ltd. with subscribed capital of £15,470, paid-up £13,268, reserves £782, loans from shareholders £14,388, a total of £28,438 of shareholders' money in the fruit-handling business. This Company handles all classes of fruit excepting wine grapes, but is principally engaged in the handling of citrus. It handles large quantities of dried fruit, but works in conjunction with other concerns in the sale of dried fruit. The whole of the canning fruit produced at Griffith is sold by the Company as one unit. Last season a new citrus shed was erected at a cost of over £3,000, and the latest Californian machinery installed. This is being further added to in time for the handling of the 1929 crop. 160,000 bushels of citrus were packed during the 1928 season, but the price realised was poor as compared with previous years. There is a Sales Department in connection with the Company's operations, and last year the turnover was about £35,000; this comprises cases, manures, machinery, etc., and does not include sale of fruit. The total turnover in fruit was about £120,000. This figure does not include fresh fruit marketed through the Company, but in which the account sales go direct to the grower. During 1928 the price of all lines was low, and there does not appear to be much chance of better prices except for the citrus, which promises well, mainly owing to shortage of crops here and elsewhere.

The Company plays a leading part in all matters affecting the area, and to a great extent takes the place of public bodies that exist in other centres to deal with local affairs. Several years ago a co-operative winery, Mirrool Wineries (Co-operative Ltd.), was formed to handle wine grapes. This Society makes wine in an up-to-date plant erected near Griffith. The shares paid up amount to £2,600, and there is also a substantial reserve fund. This year (1929) a body of growers formed a society to process wine grapes, and subscribed £15 per acre of grapes as

capital. This Society is known as the Beelbanger Vine Growers' Co-operative Society Ltd., but its operations are not sufficiently advanced to judge of its success.

The various co-operative societies have played a big part in the progress of the Griffith district, and it is confidently expected that they will extend and become more and more essential to the growers in the solution of their marketing problems. Practically 95 per cent. of the settlers are members of one or the other of the above-mentioned societies.

The Batlow Co-operative Cool Stores have this year made a success of the cool storage of potatoes. When prices are low and supplies plentiful, it has been amply demonstrated that growers will be wise to avail themselves of cool storage of potatoes. Last year Batlow Co-operative Packing House and Cool Store undertook the retailing of fruit in Sydney. This proved very successful during the glut period of the apple and pear crop last season, but this season, with the scarcity of fruit and high prices, it became a different matter, and Batlow found wholesale trading preferable, deeming it better for a co-operative organisation to carry out those essential services of storing, packing, and wholesaling for which it is specially organised and equipped than to do everything, including retailing. Having now the confidence of wholesalers who will buy without inspection, the f.o.r. selling is increasing.

As for apple and pear export, New South Wales finds some uncertainty in landing fruit in good order on the English market, owing to faulty refrigerating on boats carrying fruit from different Australian ports, which by necessitating the opening of holds for fresh consignments at later ports frequently results in the temperature just beginning to be stabilised by the time the boat reaches England. What is needed is the facility to make direct shipments from New South Wales—no fruit to be taken on at

other ports, so that temperatures may be maintained at a uniform level throughout the trip. This calls for a sufficient supply, and again insists on the necessity of co-ordination between the co-operatives in different districts.

The question of fodder conservation is, and ever will be, an urgent one in New South Wales. Much has been done to encourage fodder conservation by the individual, through the fodder conservation competitions and championships as conducted by the Royal Agricultural (Show) Societies; but more than individual action is necessary, and a decision recently arrived at at Grayton to organise the West Coast Co-operative Fodder Conservation and Distribution Organisation Ltd. under the provisions of the Co-operative Act is a move that is fraught with big possibilities. This is a scheme developed by Mr. Earle Page, Federal Treasurer, and endorsed by representatives of the co-operative butter factories over a wide area, which proposes that the butter factories shall co-operate to form the new society. It is proposed that the capital shall be subscribed by each of the affiliating co-operative societies taking five £1 shares for each of its supplies, as on June 30, 1929. The management will be vested in a Board of Directors to be elected by the constituent co-operative companies according to their share capital. In brief, the object of the Society shall be to acquire, insure, and distribute fodder.

C. C. CRANE.

### III.—VICTORIA

The result of co-operative efforts during the past twelve months has been highly satisfactory, and returns received by producers who have supported co-operative undertakings have been in excess of those received from proprietary concerns.

Victoria's biggest industry is dairying, and about 75 per cent.

of the butter produced is manufactured by co-operative creameries, most of whom are now paying their suppliers deferred payments and bonuses in some cases amounting to 1d. per lb. for the whole of the butter supplied for the year, notwithstanding having already made payments which are equal to, and in some cases in excess of, returns received from proprietary factories.

The selling of the bulk of the co-operatively manufactured butter is controlled by three co-operative selling companies: The Gippsland and Northern Co-operative Company Ltd., the Victorian Butter Factories Co-operative Company Ltd., and the Western District Co-operative Produce and Insurance Company Ltd. The balance sheets of these three companies disclose very satisfactory earnings for the period. After paying the usual dividend of approximately 7 per cent. and placing substantial amounts to reserves, the three companies have rebated to the factories a substantial percentage of the commission originally deducted from the account sales.

A most pleasing feature of the year is the progress made by producers' organisations. Producers, apparently becoming dissatisfied with some of their so-called co-operative leaders who have been content to rest at the half-way house, are now keenly interesting themselves in the marketing of their produce under the provisions of a Bill on the lines of the Queensland Marketing Act.

The Victorian Dairymen's Association is the producers' organisation most in prominence. The president, Mr. Angus McKenzie, has given notice that at the next meeting he will move that Clause 8 be amended, so that the last part of this clause, providing representation for the proprietary section, will be deleted. Responding to the request of the Victorian Dairymen's Association, the Royal Commission which enquired into the dairying industry in Victoria has recommended that dairymen

be given legislative control over the marketing of their commodity; the Commission's Report is now receiving the attention of the Victorian Cabinet.

Whilst the attitude of the present Ministry is not known, the other two Parties in the House, Labour and Country Parties, have definitely committed themselves to support a marketing measure.

Poultry farmers, wheat farmers, and apiarists' associations have also made application for legislative control for the marketing of their commodities, so that it is thought any Marketing Act passed by the Government will be a comprehensive measure giving the producers of any commodity the right to establish a Board to govern the marketing of their product. Following the last harvest, the Victorian Wheat Pool continued to function. Whilst wheat prices generally were disappointing to producers, results from co-operative selling have been highly satisfactory. Victorian wheat farmers are this year signing up with the Pool organisation under a contract pooling system similar to that in operation in Canada; the results from the canvas which has been made during the last few months have been highly satisfactory. Already about 80 per cent. of the farmers in the districts canvassed have signed up under a contract Pool.

*Co-operative Insurance.*—In *Year Book* 1929, no mention was made of co-operative insurance in Australia. Whilst there are a number of companies undertaking insurance on more or less co-operative lines, the Co-operative Insurance Company of Australia Ltd. was the pioneer of co-operative insurance, and is—I think—easily the most successful. This Company's first field of operation was Victoria. Established by the Gippsland and Northern Co-operative Company Ltd., the remaining two butter-selling companies immediately acquired shareholding interests, and the scope of the company was broadened to absorb co-operative interests in South Australia and New South Wales,

the Company's activities now covering the whole of the Commonwealth.

*Dried Fruits.*—Following the success achieved by the selling of dried fruits by the Overseas Farmers' Co-operative Federations Ltd., London, for the South Australian growers and two of the large Victorian co-operative associations, the largest society of them all—namely, the Mildura Co-operative Fruit Company Ltd.—decided to link up with the Australian Producers' Wholesale Co-operative Federation, with the result that it is expected the Overseas Farmers will receive about 25,000 tons of dried fruit on consignment. This entailed the taking over of the London office and manager of the Mildura Co-operative Fruit Company Ltd. by the Overseas Farmers early in the year, since when the new arrangement has worked very smoothly.

There remains only one other co-operative fruit-packing shed in Victoria outside the Federation, and it is confidently expected this society will also join up. This co-operative effort on behalf of the dried fruit industry demonstrates what can be done by co-operation when all the units are agreed upon one line of policy with regard to the selling of their produce. The growers are now kept fully informed of the world's markets and conditions, together with full reports concerning the disposal, pack, and condition of their own product, and this service is rendered at a rate of commission many times less than that previously charged by other agents. The success of co-operative selling of the export surplus of dried fruit has encouraged the packing sheds to proceed on somewhat similar lines for the sale of the Commonwealth quota in the New Zealand, Canadian, and Eastern markets. The organisation set up is named the Co-operated Dried Fruit Sales Ltd., its head office being in Melbourne, with branches in the other States. It is not altogether co-operative, inasmuch as there are some proprietary sheds members of the organisation; neverthe-

less they work co-operatively with the co-operative sheds, and the scheme is working well.

*Green Fruit.*—There is no proper organisation of a co-operative nature in existence, nevertheless some districts have a co-operative cool store for the storing of surplus fruit; each grower, however, sends his fruit to any one of thirty or more proprietary agents.

*Citrus.*—The citrus growers have organised under an Association which is not a commercial concern in the ordinary sense, but nevertheless regulates the disposal of the fruit through the various agents by supervising sales and keeping a watch generally. The Association also endeavours to regulate the supply of fruit to the market to avoid gluts, and there can be no doubt that the Association is doing good work and showing results. Conferences are held at intervals to discuss growers' problems, and the Association actively looks after the growers' interests with regard to legislation and Government regulation.

*Honey.*—Efforts have been made for years past to bring about organisation amongst apiarists in Victoria, but so far without any tangible success. Victoria, strangely enough, is the only State in which some method of organisation has not been obtained for the beekeepers.

*Organisation of Co-operative Societies.*—The principle behind the organisation of co-operative societies for dairy produce and dried fruits is that of the growers forming a local society and registering same as a company, each grower subscribing for a small number of shares. The growers elect their directors from amongst their members, and the management is placed in the hands of a manager appointed with qualifications necessary to carry out that office, he being the principal salaried officer, the directors acting for a small fee or perhaps no fee at all. These societies join up in turn with central co-operative companies such as the Victorian Producers, the Gippsland and Northern, or the Victorian

Butter Factories Company, by taking the requisite number of shares. The directors of those three companies are appointed by the shareholders. The three co-operative companies named are affiliated with the Australian Producers' Wholesale Co-operative Federation, which in turn is associated with similar associations in South Africa and New Zealand in the Overseas Farmers' Co-operative Federations, London, and thus the chain is completed.

The co-operative companies associated with the Australian Producers' Wholesale Co-operative Federation are pleased with the returns received from the Overseas Farmers' Co-operative Federations, the London House of the Australian Producers' Wholesale Co-operative Federation. In every instance where there has been an opportunity of comparison between prices received from the Overseas Farmers and those of any proprietary agent, there has been nothing lost by comparison; moreover, the co-operative selling costs are lower and at the same time, from profits accruing, reserves are being built up, and these reserves belong to the producers whose produce has been the means of earning them. Prior to the advent of the Overseas Farmers' Co-operative Federations, Australian producers had little or no standing in London, but they now have their own organisation, with a turnover of 9½ millions and goodwill which is a very valuable asset.

H. WHITER.

#### IV.—TASMANIA

In considering co-operation in Tasmania, while one must not forget the work done previously, it may be taken that the new era in agriculture recently dawned in the State marks a fresh and almost new approach to agricultural co-operation.

The new era in agricultural thought in this State arose primarily



as a result of the low ebb to which primary production had slowly drifted. Financially the State-owned public utilities were at a low ebb, and as the railways were in a parlous position, men of all parties realised that some fresh stimulus must be given. After thoughtful consideration by a number of eminent authorities, it was decided that primary production must be the saviour of the State's finances. Enquiries were made into the position, under the auspices of the Development and Migration Commission, a Federal body. The Commission made certain recommendations which in essence were that the State Department of Agriculture was to be completely reorganised and restaffed, the function of the Department to be to stimulate and encourage greater and more economic production. On the other hand, the farmers of the State were to be organised into a body for mutual support and assistance, this body to be called the Agricultural Bureau of Tasmania and its functions primarily to be enquiry into marketing problems and initiation of schemes to meet the case.

For the purpose of ensuring the proper staffing and functioning of the Department, a Federal grant is made annually, in addition to a Federal grant of approximately £6,000 made annually to the State Government for use by the Bureau of Agriculture. A portion of this grant for the Bureau is to be used to facilitate the work of organising the farmers and the other portion used for the purpose of organising the marketing work.

The Department of Agriculture has now been reorganised and staffed, and is undoubtedly increasing and improving the production of primary produce.

The Bureau of Agriculture has proceeded with its organisation, having now been in existence in its present form for some eighteen months. Some 2,200 farmers have been enrolled. They

are organised as members in local branches, which in their turn elect from their number a representative to the State Council. The State Council, who meet at least annually, elect from their number an Executive. In addition to the members elected from the State Council to the Executive, the State Council also elects a number of members from the State as a whole. The Executive meets as business necessitates, and has dealt with a very large number of projects already.

A Chief Executive Officer, assisted by an Organising Secretary and a Marketing Officer, carry out the wishes of the Executive. A central office and staff is maintained. Members pay an annual subscription of 5s. per annum; half of this subscription is retained for the uses of the branch, and the other half is sent to the central office.

It became apparent when the marketing position was looked into that certain preliminary work would have to be dealt with, and one step necessary was to facilitate the registration and formation of co-operative societies.

This received early attention, and a Bill was submitted to Parliament. The Bill has now become law, and is known as the Co-operative Industrial Societies Act, 1928.

Under this Act, any society may be registered which is formed for the purpose of carrying on any industry, business, or trade such as may be authorised by its rules, and this may include dealings in any description of land. The capital is in the form of shares of fixed amount, the liability of each member being limited to the amount of shares held by him. Each member has one vote, and one vote only. Withdrawable shares may not be issued, and no member other than some other registered society may have a shareholding greater than £1,000. The business of banking is prohibited. To form a company at least five members and a secretary or manager must be involved, and

their names, with two printed copies of the rules, delivered to the Registrar.

The word "Co-operative" must form part of the title of the society, and the words "Society Limited" must form the last words in the title. It is incumbent on the Registrar to register the society, and in event of his refusal, appeal may be made to the Supreme Court. Provision is made for the cancellation of any certificate which may be granted, or suspension may be imposed.

Among the other administrative clauses of the Act, provision is made that every company registered under it shall submit to audit under the provisions of the Companies Act, 1920, and a return, signed by the auditor, must be handed to the Registrar within a reasonable time, showing his report, the number of shares and amount of shares held by each person, and a list of the members of the committee of the society at the date of audit.

One provision of the Act which is important to Tasmania is that no company from now on may be registered under the Companies Act of 1920 bearing any name which has the word "Co-operative" as part of its title, and no person is permitted to carry on business or trade in which the word "Co-operative" forms part of its title, unless it can be proved that this title was in existence prior to the passing of the Act of 1928. This is important in Tasmania, where the word "Co-operative" has previously had a somewhat unrestricted use.

Under the Act, it is possible for a registered society, if it so desires, to enter into contracts with its members requiring them to market the whole of any specified product through the society during a period not exceeding five years. Not only is there provision for this contract for exclusive sale, but there is also provision for exclusive buying through the society, and it is specifically stated in the Act that such contracts cannot be

declared invalid merely on the ground that they unreasonably restrain trade.

Provision is made in the Act so that if a member ceases to be qualified for membership, his shares are to be transferred. The rate of dividend which may be paid by a society to its shareholders in respect of any financial year must not exceed by more than 3 per cent. the rate payable at that time by the Associated Banks of Australia on fixed deposits for two years.

It is believed that this Act will give an impetus to the formation of *bona-fide* co-operative societies, although up to date, since the passing of the Act towards the end of the year 1928, its provisions have not been availed of.

Another interesting development from the co-operative point of view has been the amalgamation of a number of small co-operative butter factories situated on the north-west coastal area. This amalgamation, in some ways an absorption of smaller companies by a larger one, promises to increase the efficiency of the dairying industry in the area served by a very considerable amount. The amalgamation of other factories in other areas, particularly in the north-eastern part of the State, is desirable and looked for.

The poultry industry of the State, prior to the finalisation of the Bureau organisation, received a certain amount of attention, and as a result an attempt was made to form a co-operative egg-marketing company, with a view more particularly to the export of eggs out of the State. The response to an offer of shares in the company proved disappointing, and the company commenced business financially handicapped.

The company carried on in an heroic way with the marketing of eggs, and for two seasons a considerable portion of the surplus produced in the country was got away. The company received Governmental help in a number of ways, as, for example, by the

payment of salaries to officers and operatives out of Government funds, and eventually by a grant of £1,000. The total amount of Government assistance may be put at £2,000.

It was seen from this experiment that the selling of shares in support of a co-operative marketing organisation was not likely to prove successful, and a change of policy in marketing methods became necessary.

The Agricultural Bureau, when it gave further consideration to marketing problems, and in the light of the failure of the Tasmanian Egg Company to enlist the complete support of producers, decided that share-selling methods could not become part of their policy. The proposal that is now receiving most sympathetic consideration with reference to eggs is for a compulsory pool, formed on the basis of the Queensland scheme as outlined by Mr. McGregor in this *Year Book* for 1929. The matter is yet in its early stages, but it is likely that developments will proceed satisfactorily.

A number of experts who have visited this State have been unanimous in their recommendation that farmers should embark on the production of fat lambs with a view to their export to the British market. A scheme to facilitate this has been drafted and received a considerable amount of attention from the Executive of the Agricultural Bureau and the State Government.

An efficient freezing works situated on the north-west coast, which was built and equipped prior to the war, forms the centre round which negotiations are taking place. The Government have a large financial interest in the co-operative company which built the works and which is now in an insolvent condition. It is proposed to form a Meat Board having the power to levy 1d. per sheep on all of the sheep stocks in the State, this levy to be held and administered by the Board and used for the marketing of lambs. Eventually it is hoped that by means of the levy and

the profits made by the Board the Government's interest in the works will be liquidated and the property and organisation become the property of the primary producers. The first Board will be a nominated one, but later will be elected by those who pay the levy.

A certain amount of opposition has arisen in connection with the proposals, but as the statistical returns show there is now taking place a rapid rise in the sheep population of the State, a surplus may be looked for, which will have to be dealt with sooner or later. Some proposals, preferably co-operative, will require to be formulated and put into effect in order to meet the position, otherwise the small local market, too, may mean that more sheep for consumption rather than wool production will have to be kept if sheep stocks are to be maintained.

Another line of co-operative work amongst primary producers has been through the organisation known as the Potato Marketing Board. The Board receives the proceeds of a levy of  $\frac{1}{4}$ d. per bag on all potatoes exported. This is a very large trade, comparatively, and a considerable income accrues to the Board. The Board is elected annually by those who contribute to the levy, which is compulsory. The election is carried out under the auspices of the Bureau. Valuable work has been done in negotiating with merchants for more favourable treatment of the potato growers and their produce, both at the home end and on the selling floors on the mainland. A marketing officer has been appointed by the Board to carry out the wishes of the Executive, and has undoubtedly been of great assistance to the potato-producing industry of the State.

The Agricultural Bureau has formulated a mutual hail insurance scheme for fruit growers, and this is at present under consideration.

The dairying industry is also receiving the benefits of the

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Patterson scheme, which has already been outlined in the reports of the Foundation.

The movement towards co-operation was admirably stimulated by the Secretary of the Foundation, at meetings held in Hobart some eighteen months ago, and is undoubtedly going to bear fruit. The position requires careful thought, and, though progress may appear slow, there is no doubt that rehabilitation of agriculture in Tasmania, through the activities of the Department on production and the Bureau on marketing, will not be long delayed. The spirit of healthy co-operation and the necessity for active combination amongst the farmers is developing day by day, and there is no doubt that the Bureau organisation, by stimulating the co-operative spirit, developing local leadership, and providing a channel for united expression, is showing the way to a healthier position for the State.

ALEXANDER NELSON.

## NEW ZEALAND

BY

T. C. BRASH.

### DAIRYING

WHERE a steady monthly income is required farmers in many countries have perforce turned their attention to dairying. Necessity was responsible for the establishment of dairying in New Zealand, just as necessity was responsible in the Homeland for such a splendid band of pioneers seeking new homes overseas and establishing what has now become the Dominion of New Zealand. Prior to the eighties, New Zealand imported butter, mainly Irish; but, with the gradual cessation of income from the goldfields, the settlers found it necessary to turn their attention to securing a living from the land. Very hard times were experienced, and at one period the very existence of the new settlement was threatened. The difficulty was to find a market for what was produced. The export of wool, tallow, and flax was possible; but anything in the nature of perishable products had to be consumed in New Zealand, and the consuming population was very limited. Then there came two developments which were responsible for lifting the cloud of depression from the men who had sought homes in the new land. These were, the establishment of refrigeration in ocean-going vessels, and the coming of the cream separator.

New Zealand is essentially a dairy country. It has the soil and the climate entirely suited for dairying to be carried out under ideal conditions—namely, the cattle are kept on pasture all the year round, no stabling being necessary. And let it be



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said that in no part of the Empire has there been built up a population more adapted for the development of dairying. New Zealand is the most British of all the Dominions, the origin of the population being almost entirely English, Scotch, and Irish. With the advent of refrigeration and the cream separator the growth of the industry was rapid. The following figures will speak for themselves:

### VALUE OF THE EXPORTS OF DAIRY PRODUCE FROM NEW ZEALAND.

<i>Year.</i>	<i>Butter.</i>	<i>Cheese.</i>
	£	£
1880 .. ..	8,350	1,983
1890 .. ..	122,701	84,986
1900 .. ..	693,701	208,258
1910 .. ..	1,635,373	1,186,708
1920 .. ..	2,832,991	7,720,366
1928 .. ..	11,964,431	6,092,900

In 1929, the exact figures for which are not yet available, there has been an increase in quantity of export of over 11 per cent., and the combined value of both butter and cheese will be over £20,000,000.

New Zealand is essentially an exporting country, and increase or decrease can always be measured in terms of export. The consumption of cheese is so small as to be negligible; it is estimated that out of a total production of about 87,000 tons of butter about 12,000 tons are consumed locally, and the balance of 75,000 tons exported, mainly to Great Britain, although in recent years the quantity sent to Canada and other markets has increased. The whole of the cheese export, of approximately 75,000 tons, is shipped to Great Britain.

This article is, of course, more concerned with the development of co-operation, and at once the question is asked: "What part did co-operation play in this wonderful development of the


dairying industry?" That fine pioneer spirit which animated so many of the early settlers led the founders of the industry to the decision that an attempt should be made to retain the full benefit in its development for the farmers themselves. So that from its inception co-operation has played a big part. There have, of course, always been some proprietary dairy factories, and the owners of some of these factories have exhibited a splendid public spirit, and have been willing to transfer the factories to the farmers at reasonable valuation.

At the present time the whole of the cheese produced is being manufactured in co-operative factories, and some 90 per cent. of the butter. The farmers have been greatly assisted in co-operative manufacture by the fact that from the inception of the industry the Department of Agriculture of the Government has given very great service—firstly in establishing a grading system whereby all the dairy produce is graded before a shipment, and secondly in providing experts to give instructions to Dairy Companies where difficulty is being experienced in turning out a high quality. It is to this helpful service more than to anything else that New Zealand dairy produce owes its high position in the markets of the world. The producers are also proud of the fact that although New Zealand has only a population of less than one and a half millions, she sends more dairy produce into Great Britain than any other country in the world.

Co-operative Dairy Companies have had many ups and downs during the last forty years, but there have been very few, indeed, that have had to close their doors. One might be led to ask, "How did co-operation fare during the slump period in 1921-22?" It can safely be said that the co-operative movement was not weakened during this difficult time. Individual farmers suffered very severely. Many farms changed hands and heavy losses were made, mainly owing to the inflation of land values during

the war period. But the Co-operative Dairy Companies stood solidly, and there were no failures. The payments to the farmers were naturally a decreasing quantity, but always the amount necessary for running the factories was kept in hand. The individual farmers are gradually improving their position, and never at any time has there been a suggestion of the failure of co-operation in the manufacture of dairy produce.

But what of wider co-operative movements amongst the Dairy Companies themselves? Although at the present time some 90 per cent. of the dairy produce exported is from the North Island, it was in the South Island that dairying first developed. In 1892 there was formed in the South Island what was known as the South Island Dairy Association, and the following year (1893) the National Dairy Association was formed in the North Island. They were kindred associations, the one operating in the South Island, and the other in the North Island. The membership of these two associations consisted of co-operative and proprietary factories, the latter few in number. Each member paid an annual subscription. The history of these two associations is really the history of development of the industry. In their earlier years their work consisted mainly in the arranging of conferences of producers, and bringing pressure to bear upon Parliament for the necessary legislation required by the industry. Gradually they grew in strength, undertaking various duties on behalf of dairy companies. Trading became a strong feature, mainly in handling the machinery and requisites required by their members. Then, later, as organisation of shipping was found necessary, they entered into arrangements with the shipping companies, and handled the shipping of all the dairy produce on account of their members. Again and again attempts were made by these associations to deal with marketing, for, although handling the shipping of produce, they had no jurisdiction what-



ever in marketing. If there is any phase of co-operation in connection with the industry which can be said to have failed, it is on the side of marketing—that is, the associations failed to develop a scheme which was acceptable to the majority of their members.

In 1920 there was formed what is known as the New Zealand Producers' Co-operative Marketing Association. This was strongly supported by the Dairy Associations. The membership of this Association is made up of Co-operative Dairy Companies, and it has ninety-six members. There are approximately 500 Co-operative Dairy Companies in New Zealand, and the Marketing Association membership consists of about one-fifth of these numerically, but in actual quantity of produce handled only represents about one-twentieth of the total export. The value of produce handled each year since its inception is as follows:

	£
1920-21 .. .. .	751,884
1921-22	849,696
1922-23	1,024,042
1923-24	1,029,039
1924-25	1,386,021
1925-26	1,499,839
1926-27	928,915
1927-28	1,453,426

The New Zealand Producers' Marketing Association is financed by the Co-operative Wholesale Society of Great Britain; the produce is shipped to the New Zealand Produce Association Ltd. in London, the shares of which are held in equal amounts by the New Zealand Producers' Marketing Association in New Zealand and the Co-operative Wholesale Society of Great Britain. The founders of the Marketing Association have fought valiantly for the building up of a co-operative marketing scheme, but the

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quantity handled indicates that it has not been enthusiastically supported even by its members.

In 1923 the Government passed the New Zealand Dairy Produce Export Control Act, under which a Board was set up with power to take over the marketing of the whole of the export dairy produce, including shipping, marine insurance, etc. For one export season the Board established what is known as "absolute control," under which it handled the marketing of the produce; but, owing to disagreements on the Board and amongst the leaders of the industry, this policy was relinquished. The Board still handles all the shipping (which it took over from the Dairy Associations), marine insurance, shipping inspection, and arrangements for cool storage in New Zealand and in Britain, collection statistics, etc.

Since the Board relinquished its marketing policy there has been established what is known as "the Amalgamated Dairies," consisting of the largest manufacturing concern in New Zealand—viz., the New Zealand Co-operative Dairy Company—and some other co-operative factories. This concern has not been very actively supported, but it is at present in process of being re-organised with a view to widening its scope and making it more truly co-operative. There are indications that for the coming season it will handle a much greater proportion of the dairy produce exported from New Zealand. It is interesting to note that the New Zealand Co-operative Dairy Company itself manufactures 25,000 tons of butter and 6,000 tons of cheese, in addition to casein and dried milk. It is the hope of those who have for years worked for a truly co-operative marketing scheme that eventually success will be achieved. A clearer recognition is becoming evident of the fact that although the Control Board has power to take over complete marketing at any time, it can never go further than the desire of the majority of the industry.

The desire of the industry, as expressed through the personnel of Board Members, must always be the deciding factor. In other words, the Board can only control a minority, for the majority controls the "Control."

### FRUIT GROWING

The Co-operative movement amongst fruit growers centres generally in the New Zealand Fruit Growers' Federation Ltd. It was established in 1906, but for some years earlier annual conferences had been held, the aim of which was a central organisation. The history of those conferences is one of trial and tribulation and many failures. There were those amongst the fruit growers, however, whose enthusiasm no failure could damp. The storm centre was the question of a constitution and method of finance. Eventually a solution was found. The basis of finance for the establishment of the Federation was found in a short Act of Parliament, known as "the Orchard Tax Act," under which the growers asked the Government to levy all orchards at 1s. per acre, the proceeds to be used for financing the Federation. The levy is collected by the Government, mainly through the Post Office, and suffers somewhat heavily in the process.

The Federation itself was registered under the Industrial and Provident Societies Act, and is constituted as follows: Its members are the Co-operative Fruit Growers' Associations throughout the Dominion in the orchard districts of Auckland, Hawkes Bay, Wellington, Nelson, Marlborough, Canterbury, and Otago. There are seventy-three such associations, and these take up a nominal share responsibility in the Federation, the total shares only amounting to £101. For some years after its inception the Federation confined its activities to dissemination, information, arranging conferences, etc.; but here, as with the Dairy Associations, it was found that it must widen its scope, and a trading

policy was inaugurated. When it is mentioned that the turnover of the Federation in trading alone was £110,000 last year, some idea will be secured as to the growth of the business. "Trading" does not include *fruit*, but only the requirements of the grower in the way of packing and spraying material, case timber, manures, and machinery required in power spraying, cultivation, etc. The levy secured by the orchard tax is spent in ways defined by the Act, and is not used in trading operations. At the end of 1928 the accumulated capital of the Federation was over £15,000, although the actual paid-up capital was only £101. The Federation has interested itself in every phase of fruit growing, and makes grants for the purpose of scientific research, etc. Although the Federation trades only with its members in a general sense, there are cases where it is not possible to maintain this limitation, as some of the local associations do no trading; hence it has been necessary to do a great deal of trading with the individual growers.

This aspect of the business has given the Directors of the Federation a great deal of thought in recent years, as it was realised that in the event of liquidation the accumulated profits would go to the members of the Federation, although many of these had given no help in building up these profits. At the last Annual Conference held on July 3, 1929, the Directors put forward a proposal for division of profits. Briefly the proposal was as follows: That the Directors would have authority at the end of each year to take 60 per cent. of the net profit and credit this amount to those who had traded with the Federation in proportion to the amount of their trading, the Directors to use their discretion as to when these amounts should be actually paid out. The Annual Conference adopted the recommendation and made it part of the constitution.

The Annual Conference is made up as follows: In each Provincial District a Provincial Conference is held to which each

Association member of the Federation is entitled to send a given number of delegates. These Provincial Conferences discuss the Annual Report and Balance Sheet, all the remits which have been sent in to the Head Office of the Federation, elect the Director of the District and elect a given number of delegates for the Dominion Conference. There are eight Directors, one each from Auckland, Hawkes Bay, Wellington, Marlborough, Canterbury, and Otago, and two from Nelson, which is the largest producing district. The Dominion Conference is made up of twenty-six delegates elected from the Provincial Conferences, plus the eight Directors. These men are picked men, and in this way the Dominion Conference figures largely in the organisation. At the Dominion Conference the Annual Report and Balance Sheet, together with the remits from all Provinces, are finally dealt with. The Conference generally extends over three days, and during its sittings addresses are given by experts on matters of interest to growers.

When the Federation was formed fruit was not included in the exports from the Dominion. Prior to the war period a few trial shipments were sent to South America and Great Britain. When the Imperial Government took over the shipping space on the outbreak of the war, shipment of fruit was stopped on the grounds that the space in the steamers was needed for more urgent requirements. Export commenced again in 1920. For the first three years quantities were small. We give the quantities for the last seven years. Only apples and pears were exported.

	<i>Cases.</i>
1923	135,020
1924	241,253
1925	232,881
1926	728,985
1927	538,693
1928	1,019,137
1929	977,730



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This fruit is shipped to Great Britain, Holland, Sweden, Germany, Argentine, Brazil, and Canada.

• In 1924 the Government passed the Fruit Control Act, which is similar in terms to the Dairy and Meat Control Acts, under which the Board takes over control of all shipping, etc. In 1926 the Fruit Board established a measure of control over the export of fruit, by which the Board nominates the broker and the destination of all fruit. Whilst the Fruit Board has done this, and in addition appointed a representative in London and an Inspector of Shipping in New Zealand, it has left to the New Zealand Fruit Growers' Federation the handling of the machinery part of the work relating to shipping. In other words, the Fruit Board has made the decisions in connection with export, and the Federation has done the work. This considerably minimises expenses, as the Federation already has the organisation for handling the work, and duplication is avoided. The Director of the Horticulture Division of the New Zealand Government recently stated that the New Zealand fruit growers were better organised for export than those of any other part of the world. The strength of the organisation is that it is entirely in the hands of the growers and is truly co-operative. Recently an attempt was made to break down the growers' organisation. Details need not be given; suffice it to say that the attempt failed miserably.

The marketing of fruit on the local market is still in a most unsatisfactory condition. There is practically no organisation, and fruit sold on the local market is only paying the expenses of packing and marketing, leaving nothing for the fruit itself. In the Fruit Control Act there is a section which provides for bringing local marketing under specially appointed local Boards.

## RURAL CREDITS

Although the establishment of the Rural Intermediate Credit Department was a result of Government action, its spirit is entirely co-operative. For long there has been felt the need of some system of "intermediate" credits. Stock agents, banks, etc., have handled satisfactorily short-term advances for, say, six to nine months, and the State Advances Department and other leading institutions have met the need for long-term mortgages; but the requirements of farmers for loans, say, from one to five years, has not been adequately catered for. The Rural Intermediate Credit Act was adopted to meet this situation. The Reform Government made available to the Board which was set up under the Act the sum of £400,000 free of interest for ten years for lending out to farmers. As a very much greater sum than this will be required, the Act provides that bonds can be sold by the Board for raising further amounts for loan purposes. These bonds are not guaranteed by the State, but are secured by all the securities held by the Board on behalf of loans made to farmers. Further, in the event of difficulty, it is provided that the £400,000 advanced by the Government shall be available for redemption of bonds.

At present the Board is paying  $5\frac{1}{2}$  per cent. interest on these bonds, and no difficulty has been experienced in securing sufficient money for loan purposes by sale of these bonds. In the making of loans to farmers it is provided that local credit associations shall be formed of not less than twenty persons, who shall each take up not less than twenty-five £1 shares in the association. A member of an association is entitled to a loan of £10 for every £1 share held in the association. The rate of interest on loans is  $6\frac{1}{2}$  per cent., but the local association pays only 6 per cent. to the Central Board, the difference of  $\frac{1}{2}$  per cent. being utilised in

paying local expenses and in putting aside  $\frac{1}{4}$  per cent. to reserve. The security given by the farmer for the loans is in the nature of chattel security over stock, etc. The loans cannot be used for purchasing land, but are intended for the purchase of stock, fencing, drainage, etc. Where there is no local association, a section of the Act provides that, on certain guarantees, advances may be made direct by the Central Board to the individual farmer.

The co-operative nature of the Rural Intermediate Credit System is clearly evident in that it is found that the local associations are being largely built up of farmers who do *not* require loans, but who are anxious to help those who are in need of assistance. It is interesting to note that at the last annual meeting of the New Zealand Co-operative Fruit Growers' Federation their constitution was amended to allow of their giving guarantees for loans to individual growers from the Rural Credits Board. The fruit grower has been in a somewhat difficult position in so far as the securities he can offer are not acceptable to the Rural Credits Board. The guarantee of the Federation has removed the difficulty, and again emphasises the benefit of co-operation.

### WHEAT

"The wheat supply of the Dominion is one of New Zealand's most important political and economic problems. Important from the political sense, because there is a general unanimity of opinion amongst all classes of the community in New Zealand that sufficient wheat should be grown to meet our requirements, as otherwise the bread supply of the people may be endangered by war, strikes, or other circumstances interfering with importation; important from the economic aspect, because of the necessity of providing the people's bread at the lowest possible cost." Thus reads a recent article on this subject. The fertile plains of Canterbury and North Otago are eminently suitable for wheat-growing,

and crops of from 60 to 70 bushels per acre are fairly common; but with the advent of the frozen meat trade and the development of dairying, the agriculturist has gradually turned from wheat-growing to the pastoral industries. Consequently for some years New Zealand has not grown sufficient wheat for her own needs.

The Government was first drawn into the matter after the outbreak of war in 1914. Between 1914 and 1917 the Government itself made large purchases of wheat from Canada and Australia to meet the shortage. As a result of conferences between wheat growers, flour millers, and Government representatives, regulations were framed fixing prices of wheat and flour. The history of the negotiations and alterations in the regulations right on to 1923 need not be given in detail; suffice it to say that the aim of the Government was, first, that the wheat grower in New Zealand should receive a price which would encourage him to increase production; and, secondly, to ensure that the price of bread should be kept within reason. It is estimated that in the years 1920-23 this cost the Government over a million pounds sterling in subsidies to the flour millers. The flour subsidies ceased after 1923, and there were put into operation certain embargoes in the way of customs duties for the protection of the wheat grower and to encourage him to increase the acreage in wheat. These have been altered from time to time, but the present customs tariff reads as follows:

When the current domestic value at the port of export to New Zealand is 5s. 6d. per bushel of 60 lb. the duty shall be 1s. 3d. per bushel of 60 lb. provided that—

- (a) When the current domestic value at the port of export to New Zealand *exceeds* 5s. 6d. per bushel of 60 lb. the rate of duty shall be *decreased* a halfpenny per bushel of 60 lb. for every halfpenny or fraction of a halfpenny by which the said current domestic value *exceeds* 5s. 6d., and

- (b) When the current domestic value at the port of export to New Zealand is *less* than 5s. 6d. per bushel of 60 lb. the rate of duty shall be *increased* by a halfpenny per bushel of 60 lb. for every halfpenny or fraction of a halfpenny by which the said current domestic value is *less* than 5s. 6d.

In connection with the importation of flour there is a sliding scale of duties exactly on similar lines. The intention of these tariff regulations is plainly to encourage the farmer to produce more wheat by ensuring that low-priced wheat will not be permitted to ruin his local market. However, even in view of the above measure of protection, New Zealand wheat growers have not been satisfied. The dissatisfaction arises not by reason of the wish for higher duties, but because of lack of organisation amongst the wheat growers themselves. During the past harvest season an effort has been made in Canterbury, where nearly all New Zealand's wheat is grown, to form a co-operative marketing organisation. A voluntary Wheat Pool has been established on somewhat similar lines to the Canadian Pool. While it is too soon to state definitely what measure of success has been attained, it is certain that a large number of the principal wheat growers are supporting the organisation. In this Dominion all wheat is bagged from the thresher, and the question of the control of wheat elevators is not involved. Nor is it an export problem. The whole of New Zealand's wheat is required by the millers in New Zealand, and the marketing resolves itself into some arrangement where the competition from growers against one another to sell does not unnecessarily reduce the price, and, further, that middlemen who are not required should be eliminated. The final result of the Canterbury Wheat Pool is being awaited with very great interest.

**CZECHOSLOVAKIA: A CO-OPERATIVE  
SURVEY**

**By MARGARET DIGBY**



## CZECHOSLOVAKIA: A CO-OPERATIVE SURVEY

### I.—INTRODUCTION: POLITICAL, ECONOMIC, AND LEGAL BACKGROUND

A CO-OPERATIVE movement, like any other natural growth, must be considered in relation to the soil from which it has sprung and the conditions which have attended its development, and a study of agricultural co-operation in Czechoslovakia requires for clarity some account of the political origins and agricultural and economic circumstances of the Republic.

The Czechoslovak State came into being at the close of the war, and its territories, as confirmed by the Peace Treaties, consist of the "historic lands" (formerly subject to the Bohemian Crown) of Bohemia, Moravia, and Silesia, which up to 1918 formed part of Austria, together with Slovakia and Sub-Carpathian Russia, which till then had been subject to Hungary. The population—a relatively dense one—stood at about 13½ millions, and was predominantly Slav—Czech in Bohemia and Moravia, Czech and Polish in Silesia, Slovak and Russian in Slovakia and Sub-Carpathian Russia. Between Czech and Slovak little racial or linguistic difference exists. There is a considerable German minority (about 3 millions) in the "historic lands," living, as far as the agricultural population is concerned, principally in the hilly borderlands, and a smaller Magyar minority in Slovakia.

Czechoslovakia took over the industrial regions of the Austrian Empire, and in Bohemia industry slightly predominates over agriculture, while it is important throughout the "historic lands";



in the eastern Provinces the position is reversed. Of the total working population about 40 per cent. is engaged in agriculture, and several industries—milling, sugar-making, brewing, and distilling—are directly dependent on agricultural produce. Czechoslovakia is a high-lying country, almost surrounded by mountains, with a heavy soil, well watered. Its typical cultures lie in zones roughly defined by altitude—beet, wheat, and barley up to 1,100 feet; cereals up to 1,500; potatoes, rye, and oats up to 2,000; then grazing and potatoes; and, above that, forest. Special areas are devoted to malting barley, hops, fruit, etc. Of the total area 33 per cent. is forest, 18 per cent. pasture, and 42 per cent. arable, more than half of it under grain, and the rest divided between fodder and industrial crops. Animal production is relatively low, owing to the density of the population and the competition of foreign imports, but has increased in the last ten years in response to conditions which it is necessary to discuss in a moment.

The geographical shape of Czechoslovakia is awkward for marketing, and the railway system is apt to find its resources strained at the time of moving the crops. A large proportion of peasant crops pass direct to neighbouring towns or are sold for fodder.

Perhaps the most striking event which has taken place since the formation of the Czechoslovak State has been the Land Reform. It constitutes a change which, important in itself, has affected the co-operative movement by modifying the conditions in which it has developed and been in turn affected by it. The motives from which the reform was undertaken were partly political, partly social, and partly economic. Before the war, land in the Czechoslovak territories was divided among peasant holdings interspersed with vast estates. Some 45 per cent. of the 2 million agricultural proprietors held no more than 1·5 per

cent. of the total land surface in lots not exceeding  $\frac{1}{2}$  hectare (about  $1\frac{1}{2}$  acres), while 0.02 of the total number of proprietors held nearly 30 per cent. of the land surface in estates of over 1,000 hectares (2,400 acres). Middle peasants were few.

It must be understood that a very considerable portion of the large properties consisted of forest and pasture, and that a good deal of leasing took place, in Silesia usually under the form of *métayage*, and in many cases on leases too short to encourage improvement. But great inequalities existed which were especially marked in the eastern Provinces, though even in the "historic lands" of Bohemia, Moravia, and Silesia not far short of three-quarters of the proprietors held only about one-fifth of the arable land.

The fact that great estates were, for the most part, in the hands of Austrians supplied the important political motive for change. Many of the existing holdings were inadequate to the support of their owners; a definite land hunger existed which stood little chance of satisfaction by ordinary processes of sale, as most of the great estates were entailed. The result was seen in the fragmentation of holdings; in emigration, both seasonal and permanent, especially in the districts of large estates; and in the discontent of landless labourers, who were more inclined to communism than the town workers. These circumstances provided social-economic motives for the change. But economic motives also included a desire to increase the food supply of the towns, and at the same time to raise the standard of life and consequently the purchasing power of the peasant, and thus increase the home market for industrial products, as an offset to the markets in Austria cut off by tariff barriers; and, secondly, a hope of decreasing the adverse trade balance in meat and fats through the increase in animal culture anticipated from an increase in smallholdings.

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As a first step, legislation was passed establishing a Land Office, and placing all private agricultural estates over 150 hectares (360 acres) and all estates whatsoever over 250 hectares (600 acres) in a "state of seizure." About 17 per cent. of all arable and 41 per cent. of all non-arable land, and 1,730 proprietors, were affected by this measure, the actual totals of area being 1,278,549 hectares (3,068,517 acres) of arable and 2,741,620 hectares (6,579,888 acres) of forest, pasture, lakes, etc. Nearly half the communes of Czechoslovakia were affected. The owners were left in possession, but they were forbidden to sell, lease, or mortgage land without permission. In the meantime, some 128,000 long-term leases of small properties were bought out by the State, and the tenants confirmed as absolute proprietors, but without the right of sale under ten years. This affected about 100,000 hectares (240,000 acres) of land. Another 140,000 hectares was transferred on compulsory short-term leases as a provisional satisfaction to some 250,000 landless families, the intention being to confirm them in absolute possession, as soon as time had been given for the orderly transference of land. No forced lease was exacted from a landlord owning less than 15 hectares, and the plots leased never exceeded 8 hectares.

The actual redistribution of land was begun in 1921, and by 1928, 88 per cent. of the agricultural land and 42 per cent. of the forests had been permanently allocated. It has been divided into three groups: (1) Land retained by the State—a proportion of forest, places of historic interest, water power, land required for Government purposes. (2) Land returned to the original proprietors—about 26 per cent. of the agricultural land and 23 per cent. of forest. This proportion will probably be increased by the time the distribution is completed. Each proprietor is allowed up to 150 hectares of arable and 250 hectares total land, this being in some instances increased to 500 hectares, principally

in cases of extensive forest or places of natural beauty or historic interest. All live and dead stock, and the majority of agricultural industries—sugar factories, breweries, malthouses, distilleries, starch factories, mills, dairies, sawmills, brickfields—have been left in the hands of the original owners except where, as in the case of distilleries, the industry was directly dependent upon the land to be divided. In these cases businesses are offered for sale, co-operative societies having the first refusal. (3) Land distributed among small and middle peasants, labourers, former employees; or co-operative societies, communes, professional associations. This includes 60 per cent. (786,322 hectares) of the arable and 18 per cent. (516,048 hectares) of the forest, the latter being retained in large estates, frequently in the possession of communes.

Of the arable land thus taken over, 80 per cent. was distributed in small lots averaging 1·4 hectares (about 3½ acres). The recipients were 53 per cent. peasants, who increased existing holdings, most of them under 5 hectares, to economic dimensions; 23 per cent. landless men; and 24 per cent. rural craftsmen, railway employees, etc., who undertook a holding as a subsidiary occupation. Almost in every case the land has become the absolute property of the recipient, though it may not be leased or sold without permission for a period of years, and the State retains the right of dispossession in cases of neglect or bad husbandry. Some 8 per cent. of the total arable land of the country has been transferred in this way, the greater part of it in Bohemia and Slovakia, and 24 per cent. of the agricultural population has been affected. In districts where there are no great estates Crown land has in some cases been made available to the landless, and comparatively small properties have been cut up, the owners being compensated with land elsewhere. Half a million families have received land. Nevertheless, many applicants were disappointed, nearly half of

those applying being unable to obtain land. The occasion has been seized to carry out a certain amount of consolidation of fragmented holdings.

The remaining 20 per cent. of the arable land distributed has been formed into so-called "residual estates," averaging 84 hectares (200 acres) in area, of which there are over 1,500 with a total extent of 134,809 hectares. In cases where land forms an economic unit, usually from 50 to 200 hectares in area, it has not been entirely broken up, but about 40 per cent. has been left intact, enough to preserve the value of buildings and equipment. This forms the residual estate. Some of these estates have been sold to approved purchasers, industrial, transport, or cultural undertakings whose activities conduce to the objects of the reform, including co-operative societies; but two-thirds of them have been transferred to former tenants, bailiffs, or other employees of the great estate in question.

Payment for the transferred land is made on a basis of the average price of land in the years 1913-15. This is reached by multiplying the assessed net income by a coefficient varying for the four typical agricultural zones (beet, grain, grain-potatoes, forage), also with distance from markets. The price is further raised for vineyards and orchards, standing crops and improvements since 1915, and lowered for inefficient management. Land over 1,000 acres is also paid for at a progressively lower rate per acre, and in cases where land is not transferred for some years, the rate is lower in proportion to the profit assumed to have been derived during that time from the land. Cash payments are occasionally made but cannot be demanded of right. Creditors may sell or assign their claim. More usually, after all taxes, mortgages and other charges on the land have been paid off, the remaining compensation due is entered in an indemnity book kept at the Indemnity Bank, which has been created by the Land

Office. It is credited with interest at 4 per cent. per annum, and with an annual amortisation of  $\frac{1}{2}$  per cent. A proposed issue of bonds to former owners was abandoned in view of its effect on public credit.

It was recognised that in many cases the new owners would be unable to pay the price of their land immediately, especially owing to the fall in agricultural returns, and that in some they would lack the necessary capital to cultivate it. It was therefore arranged that credit should be obtainable up to 90 per cent. of the value of the land, and 50 per cent. of the value of the buildings or of the cost of construction where buildings are lacking. Part of this credit has been provided by the Indemnity Bank through co-operative credit banks, syndicates, and other financial institutions. A total of 480,000,000 kč. has been advanced in this way. In addition, the State guarantees credits, usually short term, from private financial institutions up to a total of 200,000,000 kč. The sum already advanced in this way amounts to 154,000,000 kč. In both cases credit has been advanced against mortgage, the borrower being prohibited from selling his land until the debt is discharged. Interest is from 5 to 6 per cent. The bulk of the credit advanced has been for the purpose of financing purchase.

The land reform affected some 67,200 employees of the former great estates. Of these 25 per cent. received landholdings, some grouped in colonies or communities; 22 per cent. were re-employed, generally on the residual estates; 46 per cent. received cash compensation, and 6 per cent., consisting of the old or disabled, were pensioned off. The purchasers of residual estates were obliged to take on the old employees, or if they failed to do so they were obliged to pay compensation in the form of surtax on the land.

In addition to providing credits, the State set aside a fund of 20,000,000 kč. (derived from fees and fines paid by landowners

on resuming their estates, from rents and similar sources) for internal colonisation. Colonisation has been carried out in 148 communes, twenty-eight of which have been created since the land reform. The colonists number 2,707, of whom 2,140 have been established in Slovakia and Sub-Carpathian Russia. The holdings thus created range from 6 to 30 hectares (15 to 70 acres), according to the quality of the soil, etc., but the average is about 12 hectares (30 acres). In some cases holdings take the legal form of indivisible family farms. Credits have been provided to the extent of 160,000,000 Kč. Occasionally it has been possible to use existing buildings for houses, but more often new cottages have been constructed, credits being provided for the purpose. These number 1,500, and are principally in Slovakia. Some of these colonies are organised on co-operative lines, and will be referred to in a later section.

Some examples may be taken as illustrating modern Bohemian agriculture as well as the results of the land reform. In one of the new colonies in the Elbe Valley the farms run from 3 to 20 hectares and are in a flourishing condition. Production and animal population have risen. Houses, some of them new, are grouped in the village. A typical farm consists of about 20 hectares mixed cultivation, 15 stall-fed cows, pigs, several draught horses, geese and poultry. In a neighbouring commune a 9-hectare family farm is given up to mixed cultivation—grain, potatoes, clover, a little fruit. Seven cows are kept, which are stall-fed and do the ploughing, also pigs and poultry. The houses and outbuildings are fitted with electric light, and there is an electric motor for threshing and other purposes. The family of four adults and several children is supported by their holding, living off the produce and sending a certain quantity to market. There is no hired labour.

Only a small portion of the forest land has as yet been dealt

with. It remains in the hands of the State, which is managing it through the agricultural schools. It is proposed to transfer it gradually to public authorities, companies, and forestry co-operatives. In a few districts, where pasture is lacking, forest has been sold to pasture co-operative societies for felling.

In assessing the results of the Land Reform, in so far as they are yet apparent, it must be borne in mind that the reform was an extremely moderate one; considering the number of rejected applicants for land, it may even be wondered if it was not too moderate. On the other hand, the retention of considerable areas in the hands of the original owners, the creation of residual estates, and the distribution of land amongst existing peasant proprietors, as in large measure an alternative to the creation of new holdings, has had the effect of disturbing as little as possible the agricultural economics of the country as a whole. Such changes as have taken place—and they have been considerable—have been the more successful owing to the comparatively high standard of education, both technical and general. Of the peasants, 96 per cent. are literate, the agricultural schools turn out some 1,500 students annually, while in addition conscripts from rural districts receive agricultural instruction in barracks. Research institutes, exhibitions, and farmers' periodicals assist in the work of education. Further, the co-operative movement is well developed, credit readily available, except in the east, and supplying and marketing services at hand.

The principal anxiety felt for the consequences of the reform was its possible effect on production, especially of arable crops. It is well known that the proportion of vegetable production, especially of wheat, barley, and sugar beet—the crops which come on the market—increases with the size of the holding, while the proportion of animals declines. It is further observed that the peasant proprietor eats more of the crop he produces than



does the labourer on a large estate. This, however, except in so far as it indicates a necessary rise in the standard of living, merely means that he has short-circuited the market, and no decline in production is involved. As was anticipated, the land reform has been followed by an increase in animal production, by no means unwelcome, owing to the unfavourable trade balance in meat and fats. Not only quantity but quality has improved. The number of cattle, goats, and swine has increased. Horses have also increased, but in so far as they are used for draught purposes and not bred, this means an increase in capital equipment, not in production. Oxen have in many cases been replaced by cows for draught purposes. Sheep have declined, but this is not regretted, as they are regarded from the mediæval point of view as devourers of men. The only adverse effect on animal production has been that the reduction of large estates restricts the market for store cattle. The pasture co-operatives, however, are attempting to provide a remedy.

Turning to vegetable production, however, it appears that this also has increased as a whole very appreciably since 1920, when the country was still suffering from post-war depression, and even slightly on the pre-war output. The exceptions are wheat and barley—the export crops—which show a slight decline, or at least a rather doubtful equilibrium. The value of this is much more than compensated by the rise in animal production, as indeed would any fall in crop output which might be regarded as theoretically possible. The beet output, however, has actually increased, both acreage and output per acre having risen. Nearly half the total crop is now grown on holdings under 20 hectares. The output of alcohol is somewhat fluctuating, but at least has not fallen.

The reform has led to a great reduction in hired labour, which on small farms forms an unimportant element compared with the

labour of the owner's family. This is looked upon as a move toward economic peace. Another move in the same direction was the establishment in 1919 of the Eight-Hour Day for agricultural workers. This provision appears to be still in force, but it is difficult to say whether it has been actually carried out to any appreciable extent. Agricultural workers are in a fairly good position as regards social insurance. The transformation of labourers into smallholders has also raised the standard of rural life, as is shown by the increased consuming capacity of agricultural districts, a phenomenon which has reacted favourably on industrial production. Another beneficial result of the reform has been the possibility of providing qualified industrial workers with building sites and plots of land, thus providing them with accommodation and partial support in times of unemployment and industrial trouble.

The standard of rural housing in general has been considerably improved. A demand for better houses had sprung up, due partly to the enlarged experience and less acquiescent disposition which the war brought to the younger peasants, and this the land reform has met both by providing land for building on behalf of peasants and workers alike, and by the actual construction of houses in the new colonies. Lastly, general culture has been benefited by the acquisition of land for public buildings, agricultural schools and scientific institutions, gymnasia and sports grounds.

On the whole, as far as can be estimated, the changes have succeeded in their object of moderate reform, a stabilisation of agriculture, and an improvement in the conditions of the agricultural population. They have also created the rural economy in which and through which co-operation will have to develop for many years to come.

The origins of the co-operative movement, however, lie many

years behind the land reform. In 1873 a law was passed by the Austrian Government which was thenceforward to provide the legal basis for co-operation in the three Provinces of Bohemia, Moravia, and Silesia. It defined a co-operative organisation as "a Union with open membership for the promotion of the trade or industry of its members by means of joint business." Liability is unlimited in the case of a credit society of the Raiffeisen type, but other societies may be with liability limited or unlimited, or limited to a multiple of the members' share capital. Societies may even be without share capital and may form a reserve out of their profits. Shares may be of any amount, and shareholding may be compulsorily increased by a two-thirds majority at a general meeting. Each member has one vote only, unless the rules provide otherwise. Members may withdraw with the consent of the society, or may transfer their shares to other members or prospective members. The internal government consists of the general meeting, the supervisory council, and the management committee. Co-operative societies are not forbidden to sell to non-members, but by doing so they forfeit certain exemptions from taxation. No specific directions are made as to the disposal of profits. The society draws up its own rules with considerable freedom. Voluntary dissolution may take place at the decision of a two-thirds majority. In 1903 the law was amended so as to make it compulsory for all co-operative societies to have their books audited either by the State or by a Central Union of their own, to whom the Government was prepared to delegate auditing functions.

A similar co-operative law was passed in Hungary in 1875 and applied to Slovakia and Sub-Carpathian Russia, but was modified by an Act of 1898 on credit societies. This Act provided for the formation of local credit societies with open membership within the area of the society's operations. The society may accept

deposits from, but may not give credit to, non-members. The conditions of granting credit and the individual maximum must be fixed. Members must subscribe for at least one share; liability is limited to three times the value of shares. Each member has one vote. Members may withdraw on giving due notice. Ten per cent. of net profit must be paid to reserve till the latter is equal to half the nominal capital. Further profit may be distributed in interest up to 5 per cent. on share capital. Loss must be similarly distributed. Liquidation may be voluntary or compulsory. Taxation and stamp duty are remitted for all societies which are members of the Central Union. No society may exist unless in connection with some public corporation or the Central Co-operative Credit Union. This Union was formed by the adhesion of individuals with liability limited to their membership shares and local credit societies with liability up to five times the value of their shares. There was no maximum shareholding, and voting rights were left to be fixed by rule. Dividend on shares was limited to 4 per cent. Of the profits, 10 per cent. must be paid to reserve, 10 per cent. to a guarantee fund, and the remainder in dividends. The Central Union advanced credit to member societies, and was empowered to appoint a representative to their boards and to exercise a general control over their policy. The Central Union was subsidised and partially controlled by Government. The most noticeable differences between this and the Austrian system are the limited liability character of credit societies and the predominance of State influence and finance.

In 1919, after the formation of Czechoslovakia, a law was passed unifying the legal position throughout the Republic on the basis of the Austrian law. An Act was passed regulating State aid to co-operation, and in 1924 an Act regulating banking institutions had considerable effect on co-operative bodies, especially

**Central Unions.** It prohibited organisations accepting deposits from any form of trading except "wholesale trading on commission on account of undertakings which have business relations with the bank." Local credit societies were permitted "the joint purchase of trade requirements" for members only. Other Acts have referred to special branches of co-operative activity, as, for instance, electrification.

The influence of legal as well as of geographical and political conditions is traceable in the development of co-operation in Czechoslovakia. In the "historic lands" co-operation has begun with the unlimited liability credit society, and passed to co-operative supply of requirements and co-operative marketing and processing. Central Unions, gradually to make themselves responsible for auditing and many other functions, were formed in the nineties of last century, and differences of race and language made it inevitable that in each of the three Provinces there should be two Unions, a German and a Czech. In Moravia two Czech Unions exist, one responsible for credit societies with unlimited liability, the other mainly for societies with limited liability, some of them for credit, but most for trading purposes. Since the formation of the Republic, a Polish Union has been added in Silesia with a relatively small membership, and for many years a second Czech Union has existed in Bohemia under Catholic auspices. The three German Unions have a common centre, and the whole nine, together with three from the eastern Provinces, to be described later, are members of the Centro-Co-operative. The latter body, though of growing importance and valuable as a representative of the co-operative movement throughout the Republic, is of a purely consultative character, has no real control over its members, and is, in fact, a species of League of Nations. Authority rests with the twelve Central Unions, and the whole system of organisation presents a complexity possibly more

bewildering to the foreign enquirer than deleterious to the bodies concerned.\*

In Slovakia and Sub-Carpathian Russia developments have been somewhat different. The first societies were savings banks with limited liability, and these were followed by rural consumers' societies organised under Hungarian influence, and doing a certain amount of agricultural supplying and marketing. In 1898 the Central Credit Union in Budapest took charge of the savings banks, and the consumers' societies affiliated to the well-known "Hangya," also in Budapest, and the central organisation for many similar societies in other parts of Hungary. A certain number of Slovak societies refused to join this group, and appealed to Prague for help in organising. In 1912 these societies formed their own co-operative centre at Budapest, which after the war was transferred to Bratislava, and became the compulsory centre for all societies in Slovakia until such time as relations with Hangya could be liquidated. A few years later a separate centre was set up for credit societies on the Schulze-Delitzsch (limited liability) model. The year following (1925) the last of the Central Unions was formed in Sub-Carpathian Russia.

The present relations of the State to co-operation fall under two main heads, the financial and the educational, and both have a character which may be described as bilateral. With regard to taxes due from co-operative societies to the State, credit societies are exempted altogether, while other societies obtain relief so long as they do no business with non-members. Once they break this condition they receive the same treatment as commercial companies. Societies dealing only with their own members pay

\* In addition there are the consumers' movements, also divided by nationality and political persuasion, the industrial productive co-operatives, the housing co-operatives, and the ex-servicemen's co-operatives, all with central unions of their own.

5 per cent. instead of 10 per cent. surtax on profits. The usual income tax on profits is graded for them on a different scale to that for private undertakings, the effect being that while small co-operative profits escape altogether, larger profits are taxed at a somewhat higher rate than in the case of companies. Local rates are equal, and it is claimed that in all cases the compulsory publication of accounts lays co-operative societies open to heavier taxation than private companies.

The attitude of Czechoslovak co-operation to State aid has always been that self-help must come first, but that where an adequate measure of local support is forthcoming, State aid may be safely accepted. In some cases, it is true, it has been abused, especially in the case of machinery-hiring societies, and a collapse of the society has usually followed, but more frequently the assistance, prudently administered, has helped the society through its initial stages, and, it is claimed, has been more than repaid by the increased taxable capacity of members. Credit societies have for many years been in the habit of receiving 300 Kč. on formation from the provincial governments (formerly about £15, but now less than £2) which was later repaid, and other societies (with the exception of mills) received public subsidies for the erection of premises and plant, as well as interest-free loans. Many societies, however, have been formed on an entirely self-supporting basis, and this tendency is increasing. The actual forms of State aid at the present time are as follows:

(1) A subsidiary State guarantee of societies' debts to creditors, principally for the first installation of plant, etc. The total sum voted for this purpose was 50,000,000 Kč.

(2) The provision of loans without interest up to 90 per cent. of the sum required, usually repayable in ten years.

(3) Direct subsidies either in cash or in plant put at the disposal of the society, and ultimately becoming its property.

The theory of the State has always been that its functions include making credit available to the small man in the same way as the joint stock banks make it available to big business. Following on this theory various funds and facilities have been established which will be referred to again in so far as they are related to co-operation.

As has been explained, the State has delegated its auditing functions to the Co-operative Unions, and these have undertaken in the same way the technical inspection of their affiliated societies, for which they receive a State grant. The State always makes certain grants for the teaching of co-operative methods within the movement, and for publishing the results of co-operative research. There is, however, another aspect of State co-operative education—namely, the part which the State can take in educating its citizens as co-operators. Co-operation, it is urged, is a school for democracy, and from that point of view alone it would be worth the State's while to introduce co-operative subjects into the elementary and technical schools and the universities. Something has been done in the teachers' training colleges, and occasional lectures are given in schools and agricultural training schools, but otherwise little progress has been made along these lines.

Co-operation in Czechoslovakia cannot be described in any sense as State controlled. The State does little more than stand by in friendly observation and readiness to help. The Ministry of Agriculture has a Co-operative Department which keeps in fairly close touch with the Co-operative Unions, but leaves all organising work to them. It provides grants and loans after carrying out the necessary enquiries; it collects statistics; in Slovakia and Sub-Carpathian Russia it is somewhat more actively engaged in solving the problems left by the war and the change of Government, in promoting new societies and providing for those severed from their former base in Hungary.



Before concluding this section, it may be worth recording rapidly some of the fiscal and other changes through which the country has passed, and which have had at least a temporary effect on agriculture, and through agriculture, on agricultural co-operation.

War conditions were, generally speaking, disastrous in their results on agriculture, reduction in livestock and lack of manures being among the most serious effects. The State fixing of prices also seems to have reacted unfavourably on the farmers, and production fell to 40 per cent. of the normal. Recovery from this condition took about three years.

During the war a currency inflation took place, with a consequent rise in prices. Early in 1919 the currency was separated from that of Austria, and the inflation ceased; but prices continued to rise, and the foreign exchange value of the Czech krone fell. The period of undervaluation was succeeded by overvaluation, but about 1923 stability was reached, and the krone has since then remained more or less steady at about one-tenth of its pre-war value.

In every year until the last exports have exceeded imports in Czechoslovakia, and at least 50 per cent. of the favourable trade balance has been derived from agricultural products—hops, sugar, barley, malt—and timber. A considerable quantity of maize, some meat and fats, and a moderate amount of bread cereals are, however, imported. Immediately after the war there was a shortage both of food and livestock, and though a high import duty was imposed on nearly all goods, the above-mentioned commodities, besides seeds and cattle, were put on a free list. For a time it was even forbidden to export food. No tariffs existed on agricultural imports until 1926, when the danger of famine was long past. The peasants succeeded in making themselves heard, and a moderate duty was imposed on certain

articles. There are still demands, however, for protection for home-grown meat.

The conditions and environment having been thus roughly outlined, it is possible to consider in detail the different developments of co-operation in Czechoslovakia.

## II.—CREDIT

The foundation of agricultural co-operation in Czechoslovakia rests, not only historically, but also from the point of view of economic structure, upon the credit banks. They are organised on the Raiffeisen system, though usually called, except in German-speaking districts, by the name of a nineteenth-century Czech philanthropist, the physician Dr. Kampelik, whose writings place him as in some ways the precursor of Raiffeisen. The first local societies were founded about 1868 at a time when the peasant was, as in other countries, deeply indebted to the local, usually Jewish, merchant; through the nineties their numbers increased rapidly, and by 1901 had reached a total of 1,498, with a membership of 124,400. By this time they had been grouped in Central Unions, organised on lines of nationality, which acted as clearance banks and also undertook propagandist functions, auditing, supervisory, and organising functions, made all the more essential by the absence of a public auditing system in Czechoslovakia. The credit banks progressed steadily through the early years of the new century until the war. The experiences of the war were various, but principally unfortunate. The free circulation of money did something to swell the banks' deposits, high food prices bringing a transitory prosperity to agriculture; but public anxiety produced a disinclination to save or borrow, and the boom was soon followed by the post-war slump and the cumulative

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effects of depleted stocks. In Silesia actual war losses were so heavy that a share in war indemnities was insufficient to repair them, and a special voluntary levy among members was instituted to restore the stability of societies. Equally serious from the point of view of the banks was the devaluation of the currency, which drastically reduced the actual value of reserves and savings, while the nominal value of fresh loans was naturally increased to meet new demands. The currency, however, was stabilised, though its former value was not restored, and progress has been resumed and in some cases accelerated. In 1926 (the last year for which complete figures are available) statistics for the whole of Czechoslovakia were as follows:

Number of societies*	.. .. .	4,854
Membership	.. . . .	830,000
Average number of members per society		170
Total share capital and reserves	.. . . .	200,000,000 Kč. (£1,227,000)
Share capital and reserves per member	.. . . .	240 Kč. (£1 10s.)
Total deposits	.. . . .	5,800,000,000 Kč. (£35,582,800)
Deposits per member	.. . . .	7,000 Kč. (£42)
Total loans	.. . . .	3,500,000,000 Kč. (£21,472,400)
Loans per member	.. . . .	4,200 Kč. (£25)
<hr/>		
Number of Central Unions	.. .. .	12
Capital and reserves (1927)	.. . . .	118,643,000 Kč. (£727,800)
Total balances	.. . . .	2,204,000,000 Kč. (£13,521,400)

By this time a complete network of societies had been established throughout the territory of the Republic, though development had reached its highest point in Bohemia (where in many districts "saturation point" has been reached), followed by Moravia and Silesia. It is calculated that there is a credit society for every 2,586 inhabitants in Czechoslovakia, a number only surpassed in Germany. In one village of 700 inhabitants, every

\* By 1929 the number of societies stood at 5,469—an increase of 26 per cent. since 1919.

ninth soul is a member of the Credit Bank, where, during thirty years' work, deposits totalled £649,625. Credit banks in the German-speaking districts developed slightly in advance of those in the Czech districts, and were in a somewhat stronger position relative to their numbers in the years immediately following the war. Banks affiliated to the Czech Union have, however, developed and multiplied more rapidly in recent years, and now stand at about 70 per cent. of the total—a percentage rather more than proportionate to the Czech as compared with the total population.

The local Credit Society, with its hundred or two hundred members is based on the village. Its members are principally small or middle peasants—men owning anything from 10 to 50 acres—with a sprinkling of labourers, village craftsmen, and officials. Before the war it was calculated that of the members 50 per cent. were peasants, and 13 per cent. peasants who were also artisans, smiths, cobblers, etc.; 8 per cent. artisans only, 22 per cent. labourers, and 7 per cent. unclassified. In every second society the secretary is the village schoolmaster, who is able not only to watch over the present fortunes of the society, but to provide for its future by inculcating thrift and co-operation in his pupils. Membership is open to all those who own house or land in the village, and who do not compete through their business with the co-operative undertaking. Women are admitted to membership, but apparently do not, as a rule, take part in meetings. The peasants' wives, however, play an important part in building up the success of a society, as it is they who save and through whose influence savings are deposited at the Credit Bank. Share capital is small, perhaps as little as 20 Kč., or 2s. 6d. per member, and the interest on it must not exceed that paid on savings deposits in the Credit Bank. Frequently no interest is paid at all. Government is democratic, each member having one vote only, and all officials and committeemen are

volunteers except for the treasurer-secretary, who actually receives deposits and conducts all financial business and correspondence. He is expected to lay down a sum of money as security, and is also paid an honorarium varying with the amount of time he devotes to the services of the society. In some of the larger banks this is sufficient to supplement the income of a man with a pension or other small means, so that he becomes an almost full-time employee. Credit societies have always been entitled to receive 300 Kč. from the provincial authorities towards covering initial expenses. This is repaid as soon as reserve exceeds share capital, but in recent years has not always been claimed.

The business of the society is to receive deposits from members and non-members alike, on which it pays interest at from 4 to 6 per cent.; and to make loans to members only for projects approved by the Committee at rates of interest from  $5\frac{1}{2}$  to 8 per cent.\* The bulk of the funds so distributed are in short-term loans up to four years, and the object is usually minor agricultural development, the purchase of small parcels of land, live and dead stock, etc., though the repayment of previous loans, especially burdensome mortgages, is not excluded. Short-term borrowers receive loans on their personal security backed by the surety of a neighbour. Credit banks may also loan on mortgage generally at a slightly lower rate, but, owing to the inconvenient and hazardous nature of such security, only to the extent of one-third of the deposits held. Such enterprises are not recommended except to well-established banks. Such mortgage loans are long term, from six to twelve years. Loans are made not only to individuals, but to co-operative trading societies, mills, warehouses, dairies, etc. These societies frequently open a current account with the Credit Bank, as is done in other countries with

\* The higher rates are only current in the eastern provinces.

a private bank. In the case of a creamery, butter merchants pay direct to the credit bank for produce bought, while milk suppliers also take their checks to the credit bank to receive payment due. The creamery receives interest on all moneys paid into the bank, and pays interest on any overdraft which may occur. Loans are also in some cases made to the municipality for purposes such as the construction of school buildings, drainage, roads, etc. In Silesia, however, a special loan bank has been created for this purpose, as the individual societies rarely have the means for such business, and the Central Union may only deal with its own members.

The local banks on an average employ, or invest locally, one-half to two-thirds of the deposits received. The rest they transmit to one or other of the central banks, receiving interest which usually exactly covers that paid to their own members. An interesting series of changes have taken place in the proportions invested locally and centrally. Before the war 90 per cent. of the local banks' resources were on loan to their own members. In 1924 only 15 per cent. was loaned at short term to members and 76 per cent. deposited with the central banks, the remainder being apparently idle or in other securities. Now the proportion in local use has again risen with returning prosperity, but it is difficult to say how far this movement will continue. In dealing with averages in this way it must not be forgotten that the proportion of loans and deposits varies from one bank to another, largely according to the type of agriculture carried on in the neighbourhood. Thus, South-Western Bohemia is known as a depositing district, while the North-East makes a large demand for loans. To regulate these conditions is one of the principal functions of the central banks. Private financial institutions offering higher rates of interest are in some instances a temptation to local banks with funds to invest, but in the interests of safety,

co-operative solidarity, and co-operative commercial development, this is naturally discouraged.

As a concrete instance, the affairs of the local co-operative credit bank at Wallern may be given. It was founded in 1922, and has a now membership of 241, with one share of 25 kč. (2s. 6d.) per member (£30 share capital). The turnover in 1928 stood at 9,726,557 kč. (roughly £60,000). Roughly £20,000 was received in deposits and five-sixths of this sum repaid. Loans amounted to only £2,746, and loans equal to nearly three-quarters of this sum were repaid. The rest of the turnover was made up of current accounts with the Central Union (£12,000), the members (£18,000), and the Post Office (£9,000). This, of course, means that the same sum of money passes more than once through the society's books. Loans are made locally for private purposes, to the creamery, the co-operative furniture industry, also to local traders. The remainder is deposited with the Central Union at the same interest as that paid on members' deposits. A small proportion of the loans are on mortgage, but most on personal security. In 1928, 120,000 kč. profit was made;  $4\frac{3}{4}$  per cent. is paid on shares and the rest goes to reserve;  $4\frac{3}{4}$  per cent. is paid on deposits. Mortgage borrowers pay 6 per cent., and borrowers on surety  $6\frac{1}{2}$  per cent.

As this example shows, any profits remaining after the payment of fixed interest on shares are ordinarily placed to reserve. No distribution of profits is in any case made, but in some instances the credit bank has made contributions to the foundation of local public institutions making for the social improvement of the district. These will be referred to in more detail in a later section, but it is important to bear in mind that the credit movement in Czechoslovakia, like the industrial consumers' movement in England, has higher ambitions and more varied achievements than can be included in simple financial or

(in the English case) commercial development. Loans to municipalities have already been referred to; the part which credit banks could and did play in the execution of the land reform and the redemption of leased land was necessarily a considerable one. Evidence of the importance and ubiquity of the credit banks and their connection with social welfare is the fact that in Bohemia the old-age insurance fund, a national non-profit-making institution (not State controlled) is administered through the banks. In some districts the bank has set on foot and financed co-operative schemes of land drainage. In others it has acquired agricultural implements and loaned them to its members. It is, however, by financing co-operative trading undertakings of all kinds that the credit banks have produced the most striking results outside the sphere of personal financial assistance. These developments will form the subject of later sections.

The credit banks of Slovakia and Sub-Carpathian Russia require some special comment. In Slovakia, in particular, a large number of credit banks were established while the country still formed part of Hungary. They differed, however, considerably from the Raiffeisen type, being on a basis of limited liability, with a larger membership per society, higher share capital, higher reserve, and more frequent use of bills when making loans than is common in the Raiffeisen society. They were also State supervised and attached to a State-financed central bank in Budapest. With the transfer of territory this connection was naturally severed, and Central Unions were set up for Slovakia and Sub-Carpathian Russia. A few independent societies had always existed, but, after the war, banks on Bohemian models were set up and have increased in numbers. The older societies with limited liability were also regrouped round the new Central Unions.

As has been noted, the Central Unions were formed at the



end of last century in all the Czechoslovak territories, except Slovakia and Sub-Carpathian Russia. Until 1925 these Unions acted not only as educational and propagandist centres, like the British Union or the Irish Agricultural Organisation Society, but also acted as central banks, for which purpose they received certain initial contributions from other savings institutions, and as wholesale societies, supplying their affiliated societies with coal, feeding-stuffs, manure, etc., and undertaking bulk sales of their grain, potatoes, chicory, etc. Two Unions exist in Slovakia and Moravia which do not include trading societies amongst their members, and whose scope, therefore, has always been more narrowly financial. In 1925 some failures of private joint stock banks took place, which were attributed to an imprudent mingling of banking with commercial activity. A new law was passed which confined the right of accepting deposits on savings bank books to certain classes of undertaking in which the co-operative banks and their unions were included. At the same time they were forbidden to carry on trade at their own risk, except that local Raiffeisen banks were allowed to continue the business in requirements which some had undertaken. Other provisions of the new Act included a tightening up of the liability of officials and an obligation on the banks to establish special funds to make good their war losses. It also established special inspection unions of which all deposit-receiving institutions were bound to become members.

Following on this Act the Central Unions immediately transferred their wholesale activities to subsidiary companies and limited their practical as distinct from their ideal and educational functions to banking. This change makes comparison difficult between different stages in their growth. One or two tendencies, however, may be noted. During and since the war deposits have been accumulating much more rapidly than the demand for

agricultural credit has expanded. Thus, while in 1900 the figures are roughly 10 to 8, and in 1913 they had changed but little, in 1927 they were 17 to 7. In these circumstances it is natural to find a great increase in the sums deposited in banks or invested in State and other securities. In 1900 funds in these categories amounted to less than half those distributed in credits; in 1927 they were more than double. The actual increase in the resources of the central banks is masked to some extent by the devaluation of the currency, which gives to the post-war figures an unduly imposing appearance. It may be stated that between 1900 and 1913 deposits and credits alike had increased ninefold or tenfold, reserves twelvefold and share capital twentyfold, bank deposits fivefold and investments thirtyfold. The investments would seem to have gained almost entirely at the expense of the bank deposits, and this may be taken as indicating a bolder and more independent policy, a readiness to invest peasants' savings profitably rather than surrender them unquestioningly to the private banks. Since 1913 deposits for the whole Republic have risen by about 70 per cent. in real value, taking into account the altered status of the Czech krone. Thus war-time losses have been more than made good in the aggregate, but it may be inferred that this has happened to some extent through the formation of new societies and the inclusion of new territories, rather than through the expanding resources of individual societies. In those districts, already mentioned, where "saturation point" had been reached, or nearly reached, little or no opportunities for expansion existed. In the German Union of Bohemia, for instance, the pre-war level of financial resources had been scarcely regained in 1926. In such cases the prosperity of existing peasant members directly fixes the prosperity of the Society; it can rarely balance smaller individual deposits with an increase of depositing members. In contrast to deposits, credits have been stationary. Share

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capital has increased, like deposits, about 70 per cent., and reserves show as much as a ninefold increase. Bank deposits multiplied six times or more during the war, but have since remained more or less stationary, with a certain tendency to fall. Investments, on the other hand, have risen, showing little alteration during the war—indeed, when inflation is taken into account, even a decline—but multiplying more than three times since its termination. These proportions, however, are for the Republic as a whole; the different Central Unions vary considerably in their practice—the Czech Union of Bohemia, for example, invests a very large proportion of its spare funds, while the German Union adheres to the more conservative policy of depositing the major portion with joint stock banks. Owing partly to this fact, it is difficult to make any statement of the proportions in which the funds of the credit banks are employed respectively in personal credits, in the financing of co-operative undertakings, in investment in State or other securities, and in deposits in private banks. It would appear, however, that, generally speaking, the first represents a somewhat inelastic demand, usually easily met by the local banks without recourse to the central unions, and that the second is a growing demand, but is still insufficient to employ all the idle funds of the movement. Thus is not surprising when it is considered that a large proportion of the peasant savings of Czechoslovakia pass through the hands of the credit banks, and that these have been in existence for thirty years or more, while co-operative commerce and industry is mainly a post-war development. Investments in such things as Government securities are thus a necessity, until the co-operative movement has developed sufficiently to absorb profitably all the resources of the banks; it is also a measure of safety, and a form of putting co-operative eggs into several baskets. Deposits in private banks may be regarded in the same light, and are also

more readily available than investments. The introduction of a cheque system was at one time under discussion, but does not seem to have been carried further. The following figures will indicate the general position in 1927:

Number of Central Unions	..	..	..	12
Number of member societies	..	..	..	9,482*
Share capital	..	..	..	27,591,000 kč. (£169,270)
Reserves	..	..	..	91,054,000 kč. (£564,440)
Deposits of member societies	..	..	..	1,709,817,000 kč. (£10,490,000)
Credits	..	..	..	660,290,000 kč. (£4,050,800)
Investments	..	..	..	958,640,000 kč. (£5,881,220)
Deposits with banks	..	..	..	522,867,000 kč (£3,207,900)

More than half the deposits are accounted for by the Czech Central Union for Bohemia, which is the second largest bank—co-operative or private—in the country. The total balances have increased 159 per cent. since 1919, and the capital and reserves 813 per cent.

In 1922 the "Agricultural Savings Bank" was founded at Prague under the control of the Czech Central Union. Its purpose was to catch the investments of Raiffeisen societies in danger of finding their way outside the movement. It has now 500 members, a share capital of  $\frac{1}{2}$  million kč., reserves of  $1\frac{1}{2}$  million kč., and deposits of 35 million kč.

Various other agricultural credit institutions of a non-profit making character exist in Czechoslovakia, either on more or less co-operative lines or connected with the State. The most important of these are the Schulze-Delitzsch Banks and the District Agricultural Loan Banks. Between them they bring the total of agricultural savings up to something approaching 60 million pounds.

The Schulze-Delitzsch Banks are co-operative organisations

\* This includes co-operative societies other than credit banks.

on a basis of limited liability. They exist more commonly in towns where they are patronised by the urban middle classes, but in some districts they are also to be found in the country, supplying the needs of the agricultural population, and affiliated to the agricultural Central Unions whose funds they swell. In 1928 there were 615 of these banks, mostly in Moravia, together with some of a similar type in Slovakia.

The District Loan Banks have a long and curious history. About 1780 the Emperor Joseph II. established district granaries, intended partly for military purposes, partly to provide against bad seasons. To these the peasants brought compulsory contributions in grain. After some forty years they were found to have outlived their purpose, but certain assets, including the granaries themselves, remained in the hands of the district. It was decided to sell the buildings and use the proceeds as the nucleus of local loan banks. Later, deposits were also accepted, and the work has prospered and extended. In 1920 the banks were reorganised. Co-operators hoped that they might have been placed under the Central Co-operative Unions, but it was decided to federate all the Bohemian banks in a central bank of their own in Prague. This arrangement does not apply to Moravia and Silesia, where the banks are completely independent of one another, or to Slovakia and Sub-Carpathian Russia, where the system was never introduced. In the case of some Bohemian banks, the deposits are guaranteed by the district. In recent years they have begun to undertake mortgage business. The loan banks are usually in country towns, while the Raiffeisen banks are in villages. Their members are also more commonly the richer peasants and land-owners. They do to a certain extent compete with the Raiffeisen banks, and opinion is divided as to how far this competition is harmful.

Another experiment was the Agricultural Credit Fund,

founded in 1898 by the Province of Bohemia, with object of financing co-operative organisations. After 1908 it began to receive deposits from district loan banks and co-operative organisations, and assumed some importance. Various difficulties, some of them political, hindered its fuller growth.

Today the total savings deposited in agricultural credit banks (Raiffeisen, Peasants' Advance Banks, Agricultural Mutual Advance Banks) amount to 6,000,000,000 Kč., while those in the Agricultural District Loan Banks amount to 3,250,000,000 Kč., the combined totals constituting a considerable monument of co-operative thrift.

### III.—WAREHOUSES, MILLS, AND BAKERIES

The first development from simple credit co-operation was in the direction of the supply of agricultural requirements, seeds, artificial manures, feeding-stuffs, machinery, coal and oil. A few farmers' companies for the manufacture of fertilisers existed many years ago, but did not spread. As early as the nineties of the last century credit banks had begun to obtain goods for their members on a commission basis. No premises were needed, as all goods were consigned to the station and there collected by the members purchasing. Gradually this system was supplemented, and later supplanted by special requirements societies organised apart from the credit banks and renting, or more frequently owning, a warehouse. These societies were formed by the members of one or more credit banks, together with any other farmers who might be outside the credit movement. Shares were frequently allotted in proportion to acreage, but not always. In German districts the principle of one man one vote is fairly strictly maintained, but in Czech districts it is more usual to find

votes in proportion to shares—perhaps one vote for every five shares with a maximum. The somewhat unco-operative character of this arrangement is modified by the fact that shareholding is usually small, that members are often though not always of similar financial standing, and that shares are rarely taken up simply as a profitable investment, money laid out to this end being more frequently deposited with a credit bank. There is, however, some feeling that an alteration in favour of one man one vote would be advantageous. Profits are usually paid out in interest on shares, the balance going to reserve. Interest on shares is theoretically fixed at 5 per cent., but this is sometimes evaded. Payment of bonus on business done is rare. A few warehouse societies were formed in Moravia on limited liability company lines, but this is not considered a desirable development.

Societies were usually started with a small share capital and large loan capital obtained from the credit banks. In some cases State aid, in the form of a grant or loan without interest, was also obtained to cover building and equipment. At one place the local agricultural savings bank used its profits to establish first an insurance agency and later a trading agency, which in course of time became a warehouse society. Sales were and frequently are made on credit, but at first this was allowed to run on too long, to the danger of the society, a practice which the societies have sought to alter. The warehouses have naturally always had to meet strong competition, but they have sought to level down prices as much as possible while maintaining quality. The Central Unions early undertook wholesaling functions, but the societies at first bought largely from private merchants, as the resources of their own unions did not develop rapidly enough to supply them.

Before long the warehouse societies began also to handle agricultural produce, not without reluctance, owing to the risks

involved. The principal commodities were grain (largely malting barley), hay, potatoes. In some places an attempt was made to safeguard the society by paying a first price of 80 per cent. of the estimated value and distributing the rest after the completion of sale, but this was soon abandoned for a system of buying firm and selling at the society's risk. At first the policy generally adopted was of constructing large warehouses and selling grain in bulk with a view to influencing prices. This was not particularly successful, and smaller societies were established, working in closer touch with their members. At this time it was still usual to cover the risks on the sale of produce with the society's more reliable dealings in requirements. The societies nevertheless made progress and consolidated their position, helped in this by the activities of the Unions as wholesalers, which will be described later. Through these centres they sold to the army, their other principal customers being brewers, millers, and exporters, though in some cases they exported themselves. During the war grain and other agricultural products were State controlled, and the co-operative warehouses acted as suppliers to the State Board. This helped them to consolidate themselves and build up their reserves, and was a stimulus to the formation of fresh societies. At the same time their business in requirements was curtailed by the Government control and distribution of seeds and fuel. They emerged from the war in an established position which has grown stronger, and with an influence on the market which, if difficult to estimate or describe statistically, is indicated by the fact that during the post-war slump, agricultural prices fell less steeply in districts where the co-operative movement was strong. Since then the construction of new warehouses has continued, and occasionally one has been taken over from the former great estates. The warehouse societies have exercised considerable influence in the direction of technical improvements,



principally by the supply of tested seeds and the introduction of improved manures, etc. Their influence is all the stronger when they are themselves responsible for the disposal of the product. It is noticeable that some of the societies in Moravia were started by officials of the Agricultural Schools who worked for them for many years. Societies do not as a rule sell domestic requirements, but several deal in building materials and even make their own bricks. These sales are also made to non-members, and there is a curious case of a co-operative warehouse society which reduced its management costs and increased its profits by running a subsidiary company dealing with groceries wholesale, which it sold to village tradespeople. Many warehouse societies, themselves originating with credit banks, have in turn led the way to dairies, electrical concerns and other co-operative undertakings, which will be considered in separate sections.

Milling formed no part of the original co-operative programme, but about 1910 the services of the private mills became increasingly unsatisfactory, while many small mills were threatening to close down owing to the competition of Hungarian flour. Several of these mills were taken over by warehouse societies, or, more frequently, new mills were built. At first some of the societies only milled members' grain at a fixed price, but took no responsibility for selling the flour. Since the war, however, they have all undertaken sales, and the movement has considerably extended. In one case, the co-operative society took over the former State mills in conjunction with the commune. The commune later withdrew, and its place was taken by another co-operative society in the district. In another case (Plzen) a very large warehouse society already owning one mill became the principal shareholder in a private milling company, and eventually bought out the other shareholders. Some mills when not occupied in milling their members' grain undertake commercial contracts.

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It is a common practice for members to bring their grain to the mill and receive immediately an equivalent quantity of flour and offals.

From milling several societies have passed to baking. This is regarded as work for social welfare rather than a commercial venture, though it is usually profitable. Sometimes it is undertaken principally for the society's workpeople, but usually sales are made to the whole district, and deliveries are sometimes arranged. Occasionally a society goes in for confectionery as well.

In 1928 there were in Czechoslovakia 359 warehouse co-operative societies, more than half of which were in Bohemia, and sixty-two mills, some of them with bakeries, also for the most part in Bohemia. Warehouses are generally of fair size (the largest has a capacity of 500 truckloads) and well equipped. They usually serve a larger district than the credit banks, their sphere of operations being roughly fixed by the distance which their most remote member can traverse, going and returning, in the course of the day. Deliveries by road are rarely undertaken. On this basis the country is almost completely covered, at least in Bohemia, Moravia, and Silesia. Slovakia in this as in other respects is less co-operatively developed. In recent years a process of amalgamation and liquidation has taken place to some extent, so that only strong societies are left. Several of these have established branches, and there are a few federations. On the whole, there is little overlapping, though considerations of transport or accidental circumstances have resulted in one or two geographically awkward districts. The following figures give an idea of the position:

Membership	..	..	..	..	..	160,000
Average membership per society	..	..	..	..	..	445
Turnover	..	..	..	..	..	2,000,000,000 Kč. (£12,270,000) or 250,000 truckloads
Average turnover per member	..	..	..	..	..	£76

It may be worth comparing these with English conditions, where 111 general trading societies exist with a turnover of roughly £6,000,000. This is made up, to a much larger extent than in Czechoslovakia, of the trade in feeding-stuffs and includes very slight sales of farmers' produce. It shows a smaller number of societies doing proportionately a larger trade, but this is largely attributable to the conditions of agriculture. The English farmer is frequently a dairyman or stock breeder on a fairly large scale, with a long cold winter during which his beasts must be artificially fed. The Czech farmer is in the main an agriculturist who, if he owns cattle, will feed them principally from the produce of his land. He owns less land, lives off it to a larger extent, and comes less frequently into the market either as buyer or seller than his English confrère. Consequently the Czech figures probably represent a higher degree of co-operative intensity than the English, which would be more obvious if the comparatively small area of Bohemia could be isolated. As early as 1922 it was possible to say that the demands of the small and middle peasants for artificial manures and coal had been almost completely met on co-operative lines, and the movement has certainly not receded since that date. (The number of warehouses has, in fact, increased 20 per cent. since 1919.) The proportion of the total harvest handled by co-operative organisations is impossible to calculate. In some districts agricultural business is purely co-operative and private merchants have vanished. One village reports that it had once six grain merchants—now there is only one, and he deals in flour. Generally speaking, every peasant has the opportunity to use a co-operative warehouse, and most do use one to some extent, but not all are members. Amongst members loyalty is fair, though the motor transport arranged by private dealers is a temptation which either a busy or a lazy man cannot always resist. This problem has scarcely been approached by the co-

operative warehouses, who are inclined to regard a man who wants his purchases brought to his door as lacking in moral fibre instead of being, perhaps, more usefully employed. Debts to private merchants also to some extent interfere with co-operative loyalty, but here the credit bank can help. There are no membership contracts, or at least none that are enforced.

Before going on to analyse the position of the Central Unions and their wholesale undertakings, it may be useful to give details of two typical warehouse societies in different parts of Bohemia, followed by a mill and bakery.

*Hradec Kralové.*—The district is rich arable land, corn, beet, chicory, and fodder crops; farms from 3 to 100 hectares (8-240 acres).

The Society has 2,700 members, the most distant living 20 km. (12½ miles) from the Society. The membership includes 90 per cent. of the farmers within this area, and further expansion is checked by the boundaries of other societies.

The Society sells feeding-stuffs, grain, seeds, hay, straw. It does a considerable business with the "Kooperaiva" (the wholesale organisation), both as a source of farmers' supplies and a market for their grain. It also sells the main articles of domestic supply, including coal. It has four branches within the area mentioned, but does not deliver by road. Orders are sometimes sent by rail to a farmer's nearest station. Grain is stored loose at the warehouse, and screened but not milled. There is a grist mill for feeding-stuffs, which is a very profitable part of the undertaking. The Society has a large machine and implement department, and is the only agency for such things in East Bohemia. Other co-operative societies buy from it, and there is no private trade. It carries on its own fitting and repairs and also sells sheet iron to farmers, blacksmiths, etc., who are members of the Society.

Payments are on a mixed cash and credit basis, but in the case of credit the farmer pays interest as on a loan. The Society appears to have about four months' credit outstanding. The Society's share capital stands at 270,000 Kč. (£1,650). Its total working capital is 3,000,000 Kč., and its other capital requirements are obtained in the form of loans from the central or local credit banks. The Society pays 5 per cent. interest on share capital and 7 per cent. on loan capital. Credit takes the form of current account, credit on bills, and mortgage.

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Turnover in 1928 reached 42,000,000 kč. (£262,500) or, roughly, £97 per member. Measured in railway trucks, the different commodities stood as follows:

Grain	..	..	..	..	..	1,000 trucks
Manure	..	..	..	..	..	600 "
Coal ..	..	..	..	..	..	900 "
Feeding-stuffs	..	..	..	..	..	400 "
Hay and straw	.	..	..	..	..	200 "

The turnover in machinery was 7,000,000 to 8,000,000 kč. (£50,000).

No bonus is paid out of profits, but the rate of interest on shares is sometimes raised. Otherwise all profits go to reserve.

The Society is governed by an annual general meeting electing a Supervisory Council (Aufsichtsrat) and a Board (Vorstand) composed partly of elected members and partly of paid officials who hold their places *ex officio*. Voting at general meetings is by shares—one vote for every five shares with a maximum.

*Mies*.—The district is good corn-land; farms, 15 to 50 acres.

The Society has 1,200 members and 800 non-member customers—this includes practically the whole farming community. Its furthest member lives at a distance of 15 km. (10 miles) from the central warehouse. There are, however, two large and four small depots. All members arrange their own transport. The Society cannot expand geographically without injuring other societies.

The members are loyal in the purchase of requirements except for a tendency to purchase the superior Hungarian wheat flour from merchants in preference to home-grown from the Society. The Society mills and markets 60 to 70 per cent. of members' grain. Membership carries an obligation, enforceable by fines, to send all grain to the Society. This rule, however, is never applied. Grain is bought firm at the day's price. Wheat is mostly sold back to farmers.

The Society sells feeding-stuffs, seeds (from the wholesale society), salt, and building materials, no coal (as there is a cheap local supply), and no machinery. All purchasing is from the wholesale "when not too dear."

Shares are at 200 kč. (£1 4s. 6d.), one share for every two hectares. One man one vote. Profits are distributed, 5 per cent. on shares, and the rest to reserve, extensions, etc. The co-operative society claims little influence on prices, as it is small in relation to the corn-merchandising of the country as a whole. Its sales are mixed cash and credit, but interest is paid on credit transactions. Share capital, £3,326, turnover (in money) £783,736.

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The turnover in agricultural products (principally grain) was, in bulk, rather more than double that in requirements, of which the principal item was manures. The Society is supported by loan capital from the Central Union and also by the local agricultural loan bank and, to a limited extent, two local Raiffeisen banks.

The Society is active in promoting improved cultivation. A Seed Committee has been formed, and a number of members are voluntarily experimenting with improved seeds and various types of soil, fertiliser, etc. The results are being collected and collated.

*Prashačka.*—The Society was started in 1916 to mill and bake farmers' grain, one of the main reasons for the construction of the bakery being a local scarcity of wood and servant maids. Shares were taken on a basis of acreage, and other capital was derived from loans from the local credit society. There are 380 members. Bread (rye) is sold to non-members in the village. The Society also mills wheat flour and sells it to the trade. Votes are in accordance with shareholding, with a maximum. No bonus is paid on business done, but there is a legal maximum of 5 per cent. interest on shares. Another 5 per cent. is calculated on shares, but, to keep within the law, is actually paid out as an enhanced price on grain purchased.

For some years before the war the Central Unions had carried on the functions of wholesale societies, supplying their members with requirements and disposing of the produce, also in some cases circulating weekly price information, and between 1919 and 1925 this business increased considerably. In that year the new law came into force by which banking institutions, amongst which the Central Unions were included, were debarred from taking part in commerce. The Central Unions immediately formed subsidiary companies on joint stock lines, to take over their wholesale business. The Central Union is usually the principal shareholder, and therefore control by the customer societies is not always direct, though a number of them are usually shareholders. There are at present eleven of the Central Wholesales, three each in Bohemia, Moravia, and Silesia, one in Slovakia and one in Sub-Carpathian Russia. Some of the Central Unions

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continue to carry on an agency business alongside the work of the wholesale, buying and selling on commission being permitted to them by law. The Central Wholesales have drawn up model contracts regulating their commercial and organisational relations with their member societies. On the other hand, they participate in various industrial undertakings of a public or private character, concerned with the production of agricultural requirements; they export and import, linking their business in some cases with that of foreign co-operative organisations. In 1928 the business of the eleven Central Wholesales was as follows:

	<i>Trucks.</i>	<i>Million Kč.</i>	<i>£</i>
Sales of agricultural produce (grain 66 per cent. of total value) .. .. .	32,000	524	3,214,700
Requirements .. .. .	131,000	621	3,810,000
Total .. .. .	163,000	1,145	7,024,700

Of this total, two-thirds is attributable to the Bohemian wholesales and over half to the "Kooperativa," the organ of the Czech Union of Bohemia.

The Kooperativa, like the other wholesales, exists in close financial and administrative relations with its Central Union. Each customer society holds shares in proportion to its membership, and further capital is provided by extensive loans from the banking department of the Union. In 1928 the member societies, whose numbers have been growing, stood at 169, with a total share capital of 20,119,000 Kč. (£123,000) paid in 1,000 Kč. (£6) shares. Interest is paid on shares, but there is no bonus on purchase, all further profits going to reserve or to a pension fund for administrative workers (manual labourers are not included). The Kooperativa provides for the business audit of all societies with whom it has

concluded commercial contracts. It also provides "consultative" services in commercial and legal matters. The loyalty of members and their observance of contracts is satisfactory.

The Kooperativa owns a warehouse and railway siding on the banks of the Vltava (Moldau) at the port of Prague, and is thus in direct steamer communication with Hamburg and sea-going traffic. In its capacity of public warehouse it receives a 30 per cent. reduction on the State river transport. The warehouse was built in 1920-21, and has a capacity of 500 truckloads, with complete modern equipment for loading and unloading and storing grain and other commodities, also for seed cleaning and grading. It owns other depots, but a comparatively small proportion of its turnover in goods actually passed through its warehouses, the bulk of it going direct to or from the member societies. It does not undertake milling but sends grain when necessary to private mills, receiving back offals for feeding-stuffs or buying offals on the open market.

The total value of the Kooperativa's turnover is roughly £3,750,000, of which £1,750,000 represents farmers' requirements. Two-thirds of this is taken up with chemical manures, of which the Society is a large importer, obtaining its Chilean nitrates through a joint organisation in which Belgian, Dutch, and Swedish agricultural co-operative societies are interested. By recent propaganda it has considerably increased the use of artificial manures. It also sells coal, fuel, and building material in considerable quantities. Coal is obtained from the State mines through a selling syndicate in which the Kooperativa holds shares and has some measure of control. Lime and building materials are also drawn from quarries and kilns in whose ownership and exploitation the Kooperativa participates. It further sells oil, benzine, grease, and soap, for which it has its own factory and special trade-mark, and machinery, for which it holds agencies



for important foreign firms. It holds shares in the subsidiary agricultural, commercial, and industrial society "Agrasol." The Kooperativa aims at selling at the lowest possible prices and has some influence in this direction on the market.

The Kooperativa sells agricultural produce to the value of, roughly, £2,000,000. Nearly half this value covers the group summarised as "forage," the next largest division being export, which covers seeds, possibly potatoes, and grain, to a large extent malting barley. The figures are difficult to analyse to much purpose, as part of the total for forage represents the crops of Czech co-operative farmers bought and resold to co-operative farmers in other districts, part may be sales to the trade, and part undoubtedly represents imports of maize and other goods. The same problem applies to seeds. Most of the business of the Kooperativa comes from its own members, but it does a certain limited business on behalf of the smaller Central Wholesales, principally in selling their grain. It is probably this trade which is described as being on a commission basis, the usual practice of the Kooperativa being to buy firm at the day's price. It has good relations with the Consumers' Wholesale, which will be described in more detail in a later chapter. It also collaborates with the organisation known as "Selecta," a special co-operative commercial society with the object of improving seeds. Selecta has two experiment stations and a model farm near Prague, and has produced several new strains of wheat, beet, peas, and beans.

The wholesale centres of the other unions are on a smaller scale but similar in methods of operation. The German Union of Bohemia, however, continues to do a considerable business on a commission basis, besides operating a wholesale society. It suffered considerable losses in 1922, which it has taken some time to repair. One of the Moravian centres possesses a large and

modern grain silo, with drying apparatus. A feature of the trade of the Polish wholesale in Silesia is the very considerable sale of apples, in addition to the more usual commodities.

#### IV.—DAIRY AND ANIMAL PRODUCE

The total annual production of milk in Czechoslovakia is about 4,000 million litres (about 850 million gallons), half of which is sold liquid and half manufactured. Only about 5 per cent. of the manufactured milk passes through properly controlled dairies. Some 600 of these exist, of which two-thirds are co-operative. Dairying in Czechoslovakia is of two kinds. In Moravia and in the mountainous districts along the Bohemian frontiers, there is ancient pastoral country where dairying has always been a principal occupation, as in Switzerland, and where the export of butter and cheese has for some time been increasingly important. On the other hand, wherever there are large urban or industrial populations, as in England, a demand for liquid milk has grown up in districts not limited to dairying by any natural conditions. The first co-operative dairies were concentrated in districts of the former type, principally in the high central plain of Moravia and in the German frontier districts of Bohemia. Some large dairies with machinery were installed, and considerable success was attained in the manufacture of cheese and in the butter trade to Vienna, Prague, and the watering-places. In other districts attempts were made to start on similar lines, but the dairies at the outset were small and lacked adequate technical equipment and business management. A federation of the small dairies would have been valuable, but the war arrested developments in that direction. In the mountains of East Bohemia, a very flourishing group of small dairies has, however, existed for some time. Their

small size is made necessary by the broken character of the ground and the difficulty of communications. The people have taken kindly to co-operation, practically the whole farming population is in membership, and the societies have become cultural centres for their villages.

The dairy industry suffered during the war from the requisitioning of cattle, the shortage of fodder, and other adverse conditions; this in turn affected the co-operative creameries, a few of which were actually closed down. About 1922 there was a definite recovery, though the cheese and butter societies in Moravia had a new misfortune in the shape of the Austrian tariff barrier shutting them off from their former market in Vienna. As a consequence they transferred a portion of their sales to the Bohemian towns, and thus came into competition with Bohemian co-operative production. There are today 236 dairies in Moravia. Those in the Czech districts (about half) are federated in a commercial centre with a turnover (in 1928) of fifty-one truckloads of butter and cheese. This represents less than 10 per cent. of the societies' output, the bulk of which is sold direct by the individual society.

In the last few years a new and important development has taken place principally in Bohemia, where a group of large dairies has been founded with the object of supplying liquid milk to the towns, the manufacture of butter and cheese being regarded mainly as an outlet for surplus. Some do not even sell all their butter, but merely preserve milk in that form and sell as reconstituted milk in times of scarcity. Most of these dairies are situated in towns, but some act as country collecting stations, forwarding their milk by rail to the industrial areas. These dairies, together with the smaller Czech creameries, are federated in Section IV. of the Czech Central Union in Prague, which assisted in their formation and organisation and now provides

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technical inspection and control. Great progress has been made, especially since 1926, both in output and quality. The societies have linked their efforts with the advisory and scientific work of the National Milk Research Council. They have also a commercial centre, similar to that in Moravia, with a turnover in 1928 of fifty trucks of dairy produce other than liquid milk.

In Silesia several dairies exist, including one central dairy which receives milk from thirteen subsidiary dairy societies as well as from thirty-eight large landowners, and sells the bulk of it liquid in the industrial area. It handles roughly 4,000 gallons per day. In Slovakia and Sub-Carpathian Russia co-operative dairying is, comparatively, little developed, though a large dairy exists at Bratislava, which exported liquid milk to Vienna until the tariff intervened.

There are in all 395 co-operative dairies which, as has been shown, vary considerably in age, size, and method of operation. They handled a total of 225,000,000 litres in 1928 (roughly 40,000,000 gallons), of which 50 to 60 per cent. was sold liquid and the rest manufactured into butter or cheese. The proportions, of course, vary greatly with the district. The dairies derive their financial support from members' share capital, including, in the case of some of the milk-selling dairies, shares held by the municipality. They obtain loans from local credit banks, or simply open a current account, which may be overdrawn when necessary. In addition, the State has in many cases advanced sums for the building and equipment of dairies, either as free grants or as loans without interest. In some cases the State pays for the plant installed, and retains ownership of it for the first ten years. Members take up one share per cow, usually, though not always, with a maximum. The annual meeting may compulsorily increase the amount of each member's shareholding. Liability is limited. Votes are in accordance with shares. Members are

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bound by the terms of membership to send all their milk to the creamery and are liable to a fine for default. No milk is accepted from non-members. Separated milk is usually returned to members, though a few societies keep pigs. Payment is usually a flat rate plus a monthly fat bonus. Butter fat content is satisfactory, frequently averaging about 3·5 per cent. The price may be that ruling for the week or may be fixed for the whole year. There are no winter and summer prices, though these are occasionally imposed by private dealers. On the whole, the milk output varies little with the seasons, though there is a slight excess in some districts in autumn, owing to the sugar-beet harvest. All co-operative dairies pasteurise their milk, but there is no legal grading system. The hygienic standard of co-operative dairies is high, especially the largest and most modern establishments in the town. The mountain creameries are smaller and more primitive, but adequate. There is no fixed selling price, and co-operative creameries compete with one another on the open market. Profits go to reserve, to a 4½ per cent. interest on shares, and to a bonus on milk delivered to the society. Some dairies do a small requirements business and a fair number handle eggs.\* A few sell milk direct to the consumers' co-operative societies under special agreements, which will be described later.

The details of three typical dairies may be given. The first represents the older type of manufacturing dairy, in a mountainous and more or less remote district; the others are of the newest type of dairy, supplying liquid milk.

*Wallern*—The district lies fairly high up in the Bohemian Forest. Landholding is usually not more than 3 to 6 hectares (7 to 15 acres), though there are a few of 20 to 30 hectares. Four or five cows are usual. The Society was founded in 1912; membership 537, with 1,093 shares of 100 Kč. each; one share per cow and one vote per share, from which it appears that

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\* There is only one independent egg and poultry society.

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many members have taken fewer shares than they have cows. The Society's machinery was purchased with a one-third value grant from the Ministry of Agriculture. The members are bound to deliver and the Society to accept all milk not wanted for domestic consumption. The delivery of milk for 1928 was 1,087,168 litres—an average of 4,000 litres daily in summer, and 3,500 in winter. The furthest member lives at a distance of 10 km. (6 miles). All bring in their own milk. There is a branch handling 500 litres. Of the local farmers, 80 per cent. are members. The price is fixed from week to week per litre of milk, in accordance with the fat content and the market price of butter. The average price is 1.20 Kč. per litre, and 30 hellers for butter fat. The greater part of the skim milk remains with the Society, and is made into cheese; but a certain amount is returned to the farm at 30 hellers per litre and fed to calves, pigs, etc., or used for home-made cheese. The Society sells a little fresh milk locally and makes some cheese, but its principal business is in pasteurising and butter-making. Butter is sold direct to shops, being sent by post or by train (quick trains exist, but no special rates). The selling price of milk is 1.80 Kč. the litre. Butter is sold locally at 32 Kč., and in towns at 30 Kč., carriage extra. All payments except for small sales over the counter pass through the Raiffeisen bank. The creamery receives interest at 6½ per cent. on all money with the bank and pays interest at 7½ per cent. on all overdrafts. The maximum legal interest on shares is 4 per cent.; remaining profits, after providing for reserve, etc., go in bonus in proportion to payments for milk.

*Hradec Kralové.*—The Society was founded three years ago, has 400 members, amounting to half the local farmers, and controls one-third of the local milk. It buys from farmers who either themselves deliver to the factory or have their milk fetched by lorry. The milk is pasteurised and sold to the municipality for schools, hospitals, etc., also to all co-operative consumers' societies, who have supported the dairy from the first, to the army and to private customers. There is one considerable competitor in the town. Some of the large farmers retail their own milk, and there are wholesale merchants.

Payment is on butter fat content and at a uniform rate throughout the year. Members contract to supply all their milk, and the Society agrees to take it. About one-quarter is sold bottled. Any surplus is made into butter and cheese. In June the butter and cheese making absorbs about one-seventh of the milk, but at other seasons none may be made. There is some difficulty in the sale of cheese, as it competes with the Moravian cheese formerly sold in Austria. The Society buys Dutch butter to make up

its orders and also carries on butter-blending and the manufacture of reconstituted cream and milk.

The Society is financed by shares—one share of 300 Kč. for every three cows, and one vote for every three shares. The Municipality and the Agricultural Credit Bank are also shareholders, the total number of shares being 620,000. The Society has a paid-up capital of 800,000 Kč. It also received a grant from the Ministry of Agriculture for building. The Society uses steam power, which is found to be cheaper than electricity (local co-operative supply) as the steam is also required for pasteurisation. Overhead charges are 700,000 Kč. annually. No profit has yet been made, but business is improving.

*Troja Dairy, Prague.*—This dairy is situated in the city of Prague. It has 500 members and draws its supplies from a radius of 60 km. It handles an average of 32,000 litres (about 7,000 gallons) daily, which is delivered by rail, hired lorry, or farmers' carts. This total could be increased without rebuilding. Sales are mainly in liquid milk through the Dairy's own shops, to almost all public institutions, to retailers and wholesalers, but not to the consumers' co-operative movement. Members take one share of 200 Kč. for every 5 litres of daily milk supply, sufficient shares being taken to cover total production. The share carries an obligation to supply the stipulated amount of milk, but in practice farmers sell the whole of their milk to the Society, and the Society is bound to accept it. Milk is paid for on the weekly market price plus percentage for butter fat content. Butter and cheese are only made from surplus milk. Skim milk is made into cheese or returned to the farmers for pigs. Every three shares carry one vote, with a maximum of thirty. Members are half large and half small farmers. The Dairy manufactures its own electric power by steam.

One or two other dairies have some feature of special interest. That at Bohusovici receives special support from the Ministry of Agriculture, and in return acts as a model for educational purposes, receives visiting students, conducts experiments, keeps special accounts, etc. It is attempting to solve the skim-milk problem by keeping 300 pigs, which has proved a profitable venture. Another society has taken over a private dairy and proposes to instal plant for the manufacture of casein. In another case the initiative in the formation of a dairy society came from the

existing co-operative potato centre, which has put part of its premises at the disposal of the dairy. In another the formation of a dairy in 1903 has beneficially changed the whole character of agriculture in the neighbourhood. Originally a grain-growing district, although situated too high for the purpose, it has now become an area of pasture and forage crops, while the co-operative introduction of threshing-machines has freed the cows from the labour of threshing and improved their milking qualities.

The establishment of State dairy schools has accompanied co-operative development, and many girls train for a year in butter and cheese making. They are nearly all peasant girls, who return to their homes after the course. Few take up posts, either in the co-operative movement or private dairies.

Milk recording is only just beginning to be undertaken, and that by the State, not by co-operative societies. Certain farms are selected, and officials appointed to visit farms and inspect records which are kept by the farmers. Both yield and quality are recorded.

Closely linked with the problems of dairying are those of cattle breeding, cattle insurance, and the disposal of meat. This is admittedly one of the departments of agricultural business in which co-operation has for a variety of reasons made the least progress. Cattle insurance companies have existed since about 1870, and have served the farmer well enough to leave him with little disposition to start independent organisations. A National Insurance Institute for Cattle has existed for some time in Moravia. In 1910 a Bohemian Peasants' Insurance Union was formed to federate existing local mutual cattle insurance societies and take over 50 per cent. of their risk. It received State support and flourished before the war, but during and after the war its membership declined, and it seems to have done little of im-



portance. Co-operative insurance of livestock now mainly takes the form of insurance of animals which pass through the hands of a society with some other primary purpose.

Co-operative handling of cattle is organised on three main lines—breeding societies, where the co-operative owns one or more pedigree bulls; pasture societies, where a co-operative meadow is rented and placed at the disposal of members' stock at a fixed fee; and slaughterhouses, which may or may not have retail departments or other means of disposing of their produce. Some of the breeding societies also hold shows, markets, and sales of pedigree stock. All these developments are making progress, and have had local successes, though none are as yet extensive.

In the years immediately after the war—a time of falling prices which threatened the few existing co-operative societies—cattle dealing and meat selling in Bohemia was largely in the hands of the Czech Agricultural Company for Meat Products in Prague, a non-co-operative body and one of five important agricultural cattle and meat organisations. These are farmer-owned and controlled, and are more or less democratic, being based on district organisations. They did excellent work for the improvement of breeds and the replacement of herds after the losses of the war. In Moravia and Silesia a few cattle breeding and meat co-operative societies existed which did good work, and some attention was paid to pig breeding in Silesia. Pasture societies also existed, especially in Moravia and the Bohemian mountains. In the latter district a small group of societies has existed for some time, owning between them over 300 acres of pasture, accommodating some 400 head of cattle, mostly young stock.

Today, 1929, there are in all 195 societies in the Republic concerned with animal production, of which rather more than half are breeding societies and the majority of the rest pastures.

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In breeding societies, shares are usually taken up in proportion to the number of cattle and sometimes other animals owned. Liability is limited to a multiple of the shareholding, and each member has one vote only. A paid manager is appointed who has charge of the breeding stock. In the case of selling or slaughtering societies all members are bound to supply all their fat stock to the societies, and to buy their meat from it. Profits go to reserve in the first instance, and are afterwards dealt with at the discretion of the general meeting.

The co-operative slaughterhouse at Auschowitz (Bohemia) may serve as an example of its type. It is situated in a large agricultural village in the neighbourhood of Marienbad, where hotels and restaurants represent a considerable demand for meat. The Society existed for three years as a bargaining organisation only, and attempted to sell live cattle to butchers. It met with little success, and in the spring of 1929 the Society set up its own small slaughterhouse and butcher's shop, from which most of its sales are made, the remainder going to hotels and shops. The Society is now thinking of selling direct to consumers' co-operative organisations. Capital was contributed half as loan capital from the credit bank and half as share capital, at the rate of 50 Kč. (6s. 3d.) per head of cattle. It is now proposed to raise the shareholding to 100 Kč., as the cost of renovating and equipping the building has been high. The Society has sixty-two members, and takes no animals from non-members. It employs two men as butcher and salesman. The clerical work and accounting is done voluntarily. On an average the Society deals with 2 cows, 3 pigs, and 2 calves weekly. In the first three months of its existence it covered costs and made a profit.

The co-operative society at Haselhof, also in Bohemia, may be taken as an example of a pasture society. The Society owns 40 hectares of land (about 100 acres), on which the young cattle and other stock of members are pastured from spring to autumn. Each member holds as many shares as he wishes to pasture animals. He also makes an annual payment either per head of the animals actually grazing, or per kilogram of increased weight during the time they have been on the co-operative pasture. These contributions include insurance of the cattle. The Society appoints a manager, who receives a small salary, and also has his own farm and keeps a few animals on the pasture.

In Moravia co-operative cattle breeding has attained considerable importance. The district of Přerov was formerly celebrated for its herds, which were almost ruined during the war. A co-operative federation of cattle breeders was formed to retrieve the position. The Territorial Research Institute collaborates in its technical work. It holds exhibitions and markets with sections for cattle, horses, and pigs. At Příklad another society exists which deals with the Berne-Hanna breed of cattle. At Unerázka the Pasture Society holds cattle shows, and works in close connection with the district Zootechnical Control, of which all cattle breeders are members. In Silesia a co-operative society for animal production controls about 1,800 acres, acquired partly on the break-up of the big estates, and uses it for cattle breeding, milk production, and breeding and fattening pigs. Another breeding society rents pastures for its own herds, and also throws them open to the cattle of members on payment of a daily toll of 3 Kč. (4½d.) per head. A number of new pasture societies are being started in Slovakia and Sub-Carpathian Russia, and the Ministry of Agriculture is working with the breeding societies and agricultural councils for their promotion.

In the meantime, attempts are being made to establish suitable central organisations. The cattle breeding organisations have formed four provincial meat companies, the most important being those at Prague and Brno. The Prague organisation, known as "Zemka," was formed in 1923 as a limited liability company, the shareholders being the Central Union of Agricultural Co-operative Societies in Prague, the Czech section of the Council of Agriculture, the District Federations of Cattle Breeders, the Commercial Centre of the Co-operative Dairy Societies, and the Federation of Societies for Cattle Insurance. The foundation capital amounted to 3,000,000 Kč. (£18,400), of which a considerable proportion was contributed by the Central Co-operative

Union. For the first few years it did little in the sale of meat owing to the pressure of foreign competition, but it undertook the purchase and sale of breeding and draft animals, which it has steadily increased. On the removal of foreign competition it also took up the purchase of fat stock on commission from farmers. It owns no slaughterhouses, but arranges for the killing of its purchases at the public slaughterhouse, afterwards selling them to the trade or passing them on to its meat department, which buys at a firm price. The farmers are not direct members of the Society, and do not receive any bonus on their sales. Cattle and pigs are received from all parts of Czechoslovakia; sheep are scarcely ever handled, as they are a rarity in the country. Zemka owns three factories, at which hams, sausages, and other forms of preserved meat are produced. In 1927 these factories used 2,819,512 kg. of meat. A retail shop is attached to each factory, and the Zemka owns in addition seven shops in Prague and five in the Provinces. It also sells through private shops acting as its agents. The Meat Federation in Brno works on somewhat similar lines, and in 1927 sold home meat to the value of 13,400,000 Kč. and foreign meat to the value of 3,700,000 Kč., together with by-products.

The German Central Union in Prague has been occupied for some time in promoting the co-operative sale of cattle, both alive at markets, which is a comparatively new development in the country, and through slaughterhouses. Special attention has been paid to supplying the industrial area in Northern and North-Western Bohemia. A special section was set up to initiate and control schemes for dealing with animal produce, and in 1927 the cattle breeding co-operative societies, the Central Union, and other central agricultural bodies, set up a Central Union for the sale of cattle and meat in Prague, which has begun work on similar lines to the Zemka.

## V.—INDUSTRIAL CROPS

A considerable portion of the marketable surplus from Czechoslovak agriculture consists of industrial crops, which in some districts present almost the only source of ready money to the peasant. The business of manufacturing these crops, at least as regards the first stages, is usually carried on locally, and is one in which the peasants' interests are closely involved. This, and the fact that in several cases it does not require to be heavily capitalised, has led to some remarkable co-operative developments, particularly as regards chicory and potatoes.

*Chicory.*

Czechoslovakia is, with Holland, Germany, France, and Belgium, one of the main producers of chicory. The crop is an important one, especially in the Upper Elbe Valley, in Bohemia, where it has been grown for the past eighty years. It is used for the manufacture of coffee substitute, the roots being first sliced, then dried in kilns, constructed on somewhat similar principles to those used for smoking bacon, later roasted, and finally milled to a fine, dark powder. At first a few private individuals erected kilns and sold the semi-raw product to the roasting and milling works. About 1900 a great increase in production took place, as, owing to the low prices paid by the sugar trade for beetroot, many farmers deliberately abandoned its cultivation for that of chicory. This had a marked effect on the beetroot factories in the Elbe Valley, some of which even closed down. At the same time the growers began to build their own kilns, and before long controlled two-thirds of the production of what is now Czechoslovakia, and at that time of the whole of Austria-Hungary. They linked themselves in the "Union of Chicory Kilns" at Prague, which under-

took all sales of the product and also procured seeds for the growers. Towards the end of the war the individual kilns, the unions, and the Central Co-operative Union formed a joint company with the foundation capital of 3,000,000 Kč., and a roasting factory was established at Hradec Kralové, after experiment in the production of coffee had been carried on at one of the kilns. It started business with the produce of the co-operative kilns at its disposal and good connections abroad for the sale of the product.

Today there are thirty-four co-operative kilns and two roasting factories. In 1920 the same number of kilns had 5,000 members, and handled 564,323 quintals of the raw material or 60 per cent. of the total crop. They had at this time 4,700,000 Kč. share capital, 2,700,000 Kč. reserves, and premises valued at 6,200,000 Kč. The proportion of chicory co-operatively handled has increased since that time to 70 per cent., but no other recent figures are available. There are, in addition, a number of private kilns, all small, and some attached to roasting factories. The roasting factories are still fairly numerous, a few being the property of the consumers' co-operative movement.

The largest local kiln is that at Praskačka, with twenty furnaces. Members take up shares at 300 Kč., each share carrying with it the obligation to supply 100 quintals of chicory, unless a failure of the crop can be proved. Voting is in proportion to shares. A proportion of the value of the product is paid on delivery at the kiln, and the rest after its sale. Non-members may also sell to the kiln, but receive lower rates, the present proportions being 35 Kč. per quintal to members and 30 Kč. to non-members. During the war the difference was much greater. After the chicory is sold, 5 per cent. interest on share capital is paid, and the remaining receipts divided in proportion to the chicory delivered. The kiln deals with about 300 truckloads of

green chicory yearly. Work is necessarily of a seasonal character. Loan capital is provided by the local credit bank.

The central factory at Hradec Kralové was built in 1918, and is highly mechanised, hand-labour being almost entirely eliminated. It receives the semi-raw product from its member societies, advancing 70 to 80 per cent. of the value. The chicory is pooled, and on sale all profits are distributed equally amongst the member societies in proportion to the amount delivered without distinction of quality. The turnover varies in value with the seasons—between 9 and 12 million Kč., and amounts to 70 per cent. of the total crop. The factory also manufactures “corn-coffee” from roasted rye. It does its own printing, carton making, and carpentry. A good deal of the coffee substitute produced is exported. The Consumers’ Co-operative Wholesale also has its own roasting factory, and competes for the produce of the co-operative kilns.

### *Potatoes.*

In certain districts in Czechoslovakia the potato is a fresh vegetable; in others, and to a considerably larger extent, it is an industrial crop, destined for the distillery or the starch factory. Cultivation for this purpose takes place chiefly in the hilly country on the frontier between Bohemia and Moravia, at an elevation of over 1,500 feet above sea-level, and forms the principal support of the peasants, and the only basis for economic advance. It is also carried on in Slovakia. Formerly, the greater number of the distilleries engaged in the production of alcohol from potatoes (of which there were about 800, over half being in Slovakia) belonged to the great estates. Just before the war a few co-operative distilleries were formed, and immediately passed through a period of considerable difficulty owing to the shortage of coal and the requisitioning of potatoes for human consumption.

An organisation of potato growers had existed at Nemecký Brod, the centre of the producing area, since 1908, which after the war converted itself into an educational and commercial federation for the whole Republic, also undertaking the sale of plants and seeds of other crops, and establishing several experiment stations. Since the war and the initiation of the land reform, distilleries have passed in increasing numbers from the hands of former great landlords to those of co-operative societies, who have all in turn affiliated to the Federation. Considerable reconstruction has been undertaken under the guidance of the Federation, which exercises technical control, and with the assistance of the State. An "economic fund" has also been established for the extension of the work of co-operative distilleries and the inclusion of all connected enterprises. Funds have been forthcoming in some instances for the liquidation of war losses.

Co-operative distilleries in 1928 numbered 274,\* of which nearly five-sixths were in Bohemia and Moravia. They dealt with the produce of 215,743 hectares (517,783 acres), and the production quota assigned to them was 232,509 hectolitres, or 54 per cent. of the total permitted to agricultural distilleries. They had a membership of 14,641, or an average of fifty-three per society. Members are usually obliged to contribute one share of 500 Kč. (£3) for every 3 hectares (7 acres), and to deliver 10 quintals of potatoes per hectare. The distillery manufactures the raw spirit and sells it to the alcohol monopoly (which will shortly be described); the by-product it either sells or gives back to its members, by whom it is used as feeding-stuff for cattle. One of the gains of the transference of land and distilleries from private to co-operative hands has been that whereas under the old system only one cow was to be found for every acre of land supplying to a

\* They appear to have slightly increased in numbers in the course of the present year.



distillery, there are now two. In one case the distillery produces, besides raw spirit, spirituous liquors, syrups, mineral waters, and motor spirit, but this is unusual. When insufficient potatoes are forthcoming the distilleries sometimes make up their quota by distilling from maize or other substances.

The entire sale of alcohol in Czechoslovakia passes through the hands of the Society for the Purchase and Sale of Alcohol, a monopoly composed to the extent of 72 per cent. of agricultural distilleries manufacturing raw spirit, and 28 per cent. of refineries and industrial distilleries manufacturing from molasses and the by-products of industrial processes, such as cellulose. The agricultural distilleries number about 900, of which roughly 300 are co-operative, and produce rather over half the output. All these interests receive proportionate representation on the board. The output of alcohol is controlled by the Government, which each year authorises a certain production of spirit in proportion to the acreage under potatoes. This total is then allocated amongst the various factories, the agricultural distilleries, both co-operative and private, receiving a certain preference as the promotion of potato cultivation is considered socially desirable. The Government levies an excise duty on the raw spirit and fixes the price at which the finished product may be sold for export and home consumption, also for industrial purposes. These prices are worked out on a complicated system which allows industrial alcohol to be sold at a rate actually below cost price, while the price of spirituous liquor is greatly enhanced. The export price is also lower than the price on the home market, where by far the largest proportion of the alcohol is sold. The monopoly buys the raw spirit from the distilleries at a price fixed by itself (in 1929, 500 kč. per litre to the agricultural distilleries), passes it on to the refineries to be refined at a fixed charge (60 kč. per litre in 1929), and then resells it at the Government scale of prices.

The factory payment for the product of the industrial distilleries was 375 Kč. per litre in 1929. The difference between cost price and selling price of spirituous liquor is very large, covering as it does the excise duty and the deficit on export and industrial alcohol. The monopoly makes no profits, but merely fixes prices in such a way as to cover the expense of its services. It would appear that the virtual subsidy to industrial alcohol is intended to develop markets of this type with a view to the probable spread of temperance, if not of prohibition.

Contemporary with the development of distilleries (and sometimes linked with them) has taken place a certain progress in the organisation of starch factories, which are valuable as alternative outlets for potatoes. On the whole, however, they are less numerous and powerful than the distilleries, and are more severely outnumbered by the private factories. After the war, the Potato Federation at Nemecký Brod took over two of the private factories for starch and its derivatives, which had hitherto dominated prices. These factories, "Dextra" and "Amylon" (the latter using 1,500 waggons of potatoes annually), have since been organised on a co-operative basis, and regular annual price agreements have been concluded between all starch factories and the growers. The growers, both individuals and their societies, have acquired interest in other starch and dextrine factories, and have thus considerable influence over the potato industry. In 1928 there were sixteen co-operative starch factories, three for potato syrup, two for dextrine, and two for potato drying, one of which also undertook beetroot drying.

#### *Sugar.*

Co-operation has little or no hold over the important Czech industry of beet-sugar production. At the time when sugar factories were first established, the co-operative method was

unknown in the country. Some thirty-two joint stock sugar companies were started by farmers between 1860 and 1880, which still exist, and whose shareholders are mainly farmers. The shares are in proportion to acreage, and the shareholders are under contract to deliver their crop to the factory, but the undertakings cannot be described as co-operative, nor are they particularly important. In Moravia a few co-operative societies were formed after the war to start, or more frequently take over, a sugar factory; but even in these cases profits are all distributed on shares, not on deliveries of beet. The great majority of factories, which number some hundreds, are privately owned, well organised, and highly capitalised. The farmers have, however, professional organisations of beet growers to which they all belong, and which control the sale of the entire beet crop to the factories, much as the National Farmers' Union in England controls the sale of milk, but apparently with more satisfactory results. The by-products, used for cattle feeding, are also received back through these organisations. These professional organisations are members of the co-operative unions, and are generally recognised by the sugar factories. On one occasion before the war they were strong enough to organise a "strike" against the sugar factories, when production was temporarily cut down by a third.

#### *Brewing and Malting.*

A couple of co-operative breweries exist, but in general the trade is in the hands either of ancient brewing corporations or of large-scale modern industries like those of Plzen or Brno. In the main the only co-operative influence on the trade is through the warehouses selling malting barley. A professional organisation of hop growers exists, but plays no commercial part.

A group of co-operative malthouses exporting their own produce exists in Moravia, and forms part of a federation of

agricultural maltheuses numbering about thirty, some of which are on joint stock lines, with farmer members. They produce about 3,000 truckloads of malt annually. The pioneer maltheuse of this group was built at Příklad in 1872, and was so dear to the heart of its founder that it is recorded that he was in the habit of getting up at night and going to the other end of the village to see that all was going well with his creation.

*Flax.*

Flax culture was formerly of considerable importance in the Czechoslovak territories, and covered some 65,000 hectares (about 150,000 acres), but it is now reduced to one-third its former extent. Of the textile industry of the former Austrian Empire, 95 per cent. is now in Czechoslovakia, and it has a consumption of prepared flax amounting to 450,000 quintals, only 130,000 quintals of which is produced at home. Cheap Russian flax is the principal competitor. Some form of Government encouragement has been suggested, as flax growing is well adapted to the poor mountain districts, where other industrial crops cannot be produced. It also provides a winter occupation for the people. Nothing has as yet been done in this direction, though the prolonged world sugar crisis and consequent decline in profits on beet cultivation is stimulating enquiry.

Several flax-dressing societies existed before the war, but have been hampered by rising labour costs and the necessity of acquiring expensive machinery. At present there are sixteen districts in which flax is grown, about sixty private flax-dressing undertakings, and forty-six co-operative societies, mostly in Bohemia, affiliated to the Central Federation of Flax Growers, which has been formed with the help of the Councils of Agriculture. Their future is held to depend on whether flax growing in general can once more be made profitable. One or two co-operative weaving societies exist.

*Fruit and Vegetables.*

Industrial crops do not, generally speaking, include fruit and vegetables, but, as in Czechoslovakia, such co-operative developments as have taken place in the handling of these commodities are almost entirely in tinning, pickling, and other forms of processing, it will be convenient to consider them in the same section.

It is calculated that there are about 52 million fruit trees in the Republic, the bulk of them on the former large estates. Others are owned by small farmers or by the communes, who plant them along the roadsides. Some of the smallest properties have fruit as their main interest, but this is not usual. In Slovakia some of the farms are as much as two-thirds devoted to fruit. The produce amounts to a total of 106,000 waggons, of which 3,000 to 5,000 are exported. Apples from Sub-Carpathian Russia go to Germany and England. Plums are made into a form of alcoholic drink. The usual practice is to sell all fruit on the tree even before it has flowered, the buyers being dealers or the representatives of manufacturing or exporting firms. Czechoslovakia is also an importer of fruit, for, as a rule, home-grown fruit is of indifferent quality and appearance, and does not sell well for dessert purposes. No special railway facilities exist for moving fruit. Non-returnable packings are generally used, but there is a marked difference between packed and loose rates. Fruit-growing as a business is concentrated in North Bohemia, where there are one or two co-operative organisations. That at Aussig has a good record of many years' loyal membership and business progress; it exports apples and pears on a large scale, and also runs nurseries for its members. The marketing society "Elbtal" sells fruit to a private jam factory. At the juncture of the Elbe and the Vltava there is a fruit and vegetable school and a co-operative society selling fresh fruit for export and to private

shops. Apples are sold co-operatively in considerable quantities in Silesia, especially by the commercial branch of the Polish Union. The objects of a fruit society usually include not only the sale and processing of members' fruit, but also the sale of horticultural requirements, educational work, lectures, the sale of pamphlets, etc., and the establishment of nurseries. Shareholding bears no relationship to acreage under fruit or any similar determinant, and each member has usually only one vote. Members are pledged to deliver to the society all fruit not consumed at home.

One of the most successful societies dealing with fruit is the preserving and canning factory at Kostelec. The district is not a typical fruit area, and the success of the Society would appear to be due to organisation rather than natural advantages. It was started in 1902 and has now 480 farmer members. The share capital is 640,000 kč. in 200 kč. shares. Most of the members are general farmers with only a small quantity of fruit, most of it of rather indifferent quality. The Society receives fruit in season, dries part and occupies the rest of the year in canning, jam making, and the manufacture of fruit wines. It employs about eighty workers in the season and twenty at other times. To a certain extent it exchanges workers with a flour mill also owned by the Society, but women's labour is difficult to get. The Society has five or six shops where its products are sold, and also sells to merchants. The Society only takes the surplus of fruit not required for eating. Fresh fruit is sold by the farmers individually, but it is not a very important product financially. The original factory was leased, but a modern building and plant were set up in 1917, when the farmers were in a position to contribute capital freely. The factory makes its own tins. It has a nursery for young trees and is trying to improve the quality of fruit.

A certain number of other co-operative nurseries and experiment stations exist, as for instance in Moravia, where the Co-operative Federation for Vegetable Improvement acts as a centre for the whole Republic. It has 1,600 members. It is largely occupied with the improvement of Hanak barley and has succeeded in securing the cultivation of a standard variety throughout the 70 Hanak communes, but it is also interested in vegetable seeds and works in close collaboration with the Territorial Research Institute for the improvement of vegetables, experimenting in the production of all kinds of cereals, fodder crops, ornamental plants, etc., and also works with the local co-operative cattle breeding association. Modritz in Moravia is the centre of the pickled-cabbage industry. A co-operative society was formed in 1902 owing to a local difficulty in finding markets. It gradually extended its operations to pickled cucumbers and other vegetables. It reached a peak of success during the war, but has since suffered from competition and loss of markets; it has now practically regained its position and deals with 150 truckloads of cabbages annually. The German Union of Moravia started a fruit and vegetable section during the war under the stimulus of Government buying. The Czech Union of Bohemia provides consultative and organising services for fruit societies, but no central commercial organisation for the sale of fruit or vegetables exists in the Republic. Tested seeds are supplied by Kooperativa. A few market gardening and viticultural societies exist in different parts of the country. In Slovakia the largest society, "Fruters," in Bratislava, is principally concerned with the sale of walnuts.

Potatoes are sold to a considerable extent by the grain warehouses or other societies. The Hradec Kralové coffee factory, for instance, buys new potatoes from its members at the day's price, paying them in two days' time. One or two societies exist whose main business is the exporting of new potatoes, and

the Potato Union organises sales centrally, though the actual goods go direct from producer to purchaser without passing through any central warehouse. It is worth noting that at the first sales of uncontrolled potatoes after the war, 6,000 truckloads were sold through the co-operative movement as against 1,000 through private merchants. One of the leading potato societies is that at Lysa on the Elbe, which acts as a centre for the Potato Union of all societies interested in the product. The Society deals principally with the export of new potatoes, which are ready about the middle of June. It neither buys nor sells on commission. About 30 per cent. of the potatoes go direct to consumers' co-operative societies, but the Society wants to have its own shops. It also aspires to a jam and pickle factory, especially for cucumbers, but this does not appear to be an immediate probability. The Society owns a model farm (part of one of the former great estates) which is used as a nursery and experiment station, attention being concentrated on early varieties and new crops such as flax, potherbs, etc. Tested seeds are sold and varieties imported from Holland and elsewhere. The Society also has a grain warehouse and a brickworks.

## VI.—ELECTRICITY AND MACHINES

Co-operation has been the principal agent in the mechanisation of agriculture, a process which has reached a remarkable development for a country of relatively small peasant holdings. Electrical co-operation, however, has played an equally striking part in spreading the use of electric light for domestic purposes, a service usually performed in England by local authorities or private companies, and in rural areas generally not performed at all.



Co-operative production of electricity began in the early years of this century when a few societies owning water mills were enterprising enough to instal beside them a small hydraulic generating plant. Several of these sprang up along the course of the River Morava, in Moravia, and one or two elsewhere. Sometimes the object was to supply a co-operative factory other than a mill, and in such cases no public distribution of current was undertaken. More often the society at once proposed to supply the domestic and industrial requirements of the neighbourhood. One such society starting with a hydraulic installation of 120 h.p. secured the affiliation of nine villages in the first year of its existence, and subsequently increased its scope to thirty-two villages, two sugar factories, four railway stations, two mills, a malthouse, a sawmill, four co-operative dairies, and some co-operative threshing societies. Some of these villages became the best-lit rural areas in Central Europe. Even where the scope of societies was limited, they provided valuable demonstrations of the uses of electricity in agriculture, rural industry, and the household, and encouraged a demand for its wider distribution. Co-operators began to contemplate schemes of large-scale supply extending to whole Provinces.

Organisation was carried a step further in the Elbe Valley at Hradec Kralové (Königgrätz). Here the point of departure had been similar—namely, the foundation of a co-operative pickled-cabbage factory in 1906. A small generator was installed for the use of the factory and the neighbouring peasants. It was the first of its kind in rural Bohemia. In 1910 the town of Hradec Kralové decided to construct a large power station on the Elbe in order to light the town. The founder and leading personality of the co-operative society, an enterprising peasant, thereupon organised seventeen neighbouring villages into societies of consumers of electrical current which joined with the district

authorities and the town of Hradec Kralové to form the Electrical Federation of Eastern Bohemia. A power station was built, and before the war the Federation was already supplying five districts. After the war it merged with the power station at Poriči, forming a joint limited company under the presidency of the co-operative pioneer, with headquarters at Hradec Kralové and a capital of 45,000,000 Kč. It now supplies the whole of North-Eastern Bohemia; it has its own power stations at Spalov and Poriči, besides three stations which it rents and twenty-six independent stations from which it derives supplies of current. It owns 840 transforming stations and 933 transformers, with a capacity of 48,569 kw. During 1926 it sold 42,170,000 kwh. By the end of 1927 the company was serving an area of 5,396 square kilometres with primary lines 1,600 km. long, supplying 323 villages, fifty-four hamlets, and a population of three-quarters of a million. Subsidiary co-operative societies—societies of the consumers of current—number 335 and are the dominant influence in the joint company. In form the undertaking is a commercial company, but it is claimed that it has remained co-operative in spirit and democratic in structure.

While Hradec Kralové was still on the way to these achievements, the rest of the country was not standing still. Lack of coal and other illuminating agents during the war stimulated interest in electricity, but lack of cables immediately afterwards held up practical developments. This, however, was a passing obstacle, and progress became increasingly rapid, sometimes through co-operation alone, often with the collaboration of the Provincial and District authorities. The local authorities rarely had the funds at their disposal to undertake electrical supply themselves, and here co-operative societies stepped in; the co-operative method was urged as superior in itself, as the supply is controlled only by those who are actually interested in its use

and who therefore take their responsibilities seriously and show an intelligent interest in the management.

Local co-operative societies for the production of current, although they furnish some striking examples, are on the whole exceptional, principally owing to the heavy capitalisation necessary, particularly in the case of hydraulic plant, but in some measure due to the comparative remoteness of electrical production from the individual small consumer, a circumstance which makes democratic control difficult.

The more usual type of local society is one formed by all the inhabitants of a village who propose to use electric current. No non-members are supplied. Shares are contributed in proportion to income, land holding, or to proposed use of current, and are such as to cover costs of construction. Both individual and corporate members are admitted, and it is pointed out that a society will have much more chance of a prosperous career if it can include among its members any local industrial undertakings which will use current during the day. As far as possible capital is obtained from shares, but loans at long term are sometimes necessary. These tend to be derived from sources other than the credit banks, which are better adapted to short-term borrowing. Liability is a multiple of the share, and each member has one vote. The society, once formed, secures the erection of transforming stations and local lines, members being pledged to permit the planting of masts on their land. It also provides for installations in members' houses and premises at a fixed fee (which is increased for those not adhering from the outset) and the supply of fittings and machinery on hire, and it gives instructions in their use.

The society is then ready to obtain current from whatever source—co-operative, municipal, or private—is most cheap and convenient, and arrange for its transmission to members at a

fixed price. Each member pledges himself to a certain annual consumption and pays a fine if he fails to reach it. Out of profit made on the year's business at least 25 per cent. is paid to reserve, and until this fund has reached 20 per cent. of the share capital no interest is paid on capital.

The next step is the grouping of local societies in federations, a movement which has been hastened and facilitated by the action of the State. In 1919, with a view to promoting the systematic electrification of the country, an ordinance was issued providing for the formation of public utility companies on a basis of limited liability, whose object should be the provision of electric current to the area—usually ten to thirty administrative districts—which they proposed to cover. The public utility companies might erect their own power stations or purchase current from private firms. Alternatively, the Government and the local authorities were empowered to provide funds for the erection of power stations to be rented by the companies. The Government of the Republic, the provincial governments, and some thirty districts contributed their support to the construction of large generating stations with steam or water power. The interest of the State stops short with the erection of power stations; the assistance of the district usually takes the form of financing, without interest, the erection of secondary lines for transmission of current at high tension. The public utility companies are also afforded legal facilities, the use of State lands, and the right to acquire private land compulsorily. They are further exempted from all tax on profits, provided that their interest on shares is not higher than 4 per cent.

The public utility companies are formed partly by communes, but very largely by electrical co-operative societies; to a certain extent private capital has also been invested in them. Control is proportionate to financial interest, and at the outset the State,

as the provider of 60 per cent. of the capital, had a preponderant interest; this, however, has been superseded by the Provinces and districts, and the formation and adhesion of local co-operative societies, with a mainly peasant membership, is further changing the balance of power. The method is for the local society to pay the public utility company a sum covering all or part of the cost of local construction and installation, a portion of which payment is credited to the society as share capital. The public utility company then constructs the low-tension primary lines and the household installations, the local society naturally influencing the programme of construction in its own area. In the case of communes, local installation is sometimes compulsory, but co-operative societies only insist on the participation of their members. The price of current is fixed by the public utility companies in consultation with the State in such a way as to exactly cover costs, and is arrived at by dividing the cost of production and of primary and secondary transmission equally amongst the users. The price is uniform for each category of consumers, no matter what their geographical position may be. It is usually 3.50 Kč. per kwh. for light, and 2 to 2.50 Kč. per kwh. for power.

The State has continued to foster the movement towards electrification. In 1926 a subsidy of 10,000,000 Kč. was voted to be expended annually for five years in grants to co-operative societies and agricultural communes covering 50 per cent., or in mountainous districts 75 per cent., of the costs of installation. Actually this grant was greatly overspent, some 60,000,000 Kč. being distributed in the first three years. Even this was found to be insufficient, and in nearly 1,200 villages electrification work was held up for lack of funds, and appeals forwarded to the Ministry of Agriculture. In March, 1929, a further Act was passed, establishing a State Electrical Fund in the hands of the Ministry

of Public Works, to be used for loans at a low rate of interest to electrical undertakings providing current for purposes of public utility for constructing lines with a tension of 60,000 volts. It is proposed to distribute 200,000,000 kč. in this way between 1930 and 1945. A second Act creates a fund of 35,000,000 kč. for the electrification of rural districts between 1929 and 1933. These subsidies are likely to accelerate the already rapid growth of electrical co-operative societies. Another piece of legislation which is likely indirectly to foster co-operative rather than other forms of electrical development is that controlling the finances of local authorities. These authorities are henceforward prohibited from raising rates more than 200 per cent. above the basic level stipulated by law. This will leave very few instances in which local authorities can raise by rating the funds necessary for a scheme of electrical development. They will have to turn for capital to the prospective consumers of current who are in most cases already organised in a co-operative society.

An example of a very striking co-operative electrical society which undertakes both production and distribution of current and ranks as a public utility company, although on purely co-operative lines, is that at Dražiče. The nucleus of this society was a mill beside which was built a small generating station on the Jisera, a river of moderate size, not very swift. The shareholders are all individual peasants, who pay an entrance fee of 600 kč. (£4) and a share of 400 kč. (£2 15s.). The initial capital was small, and at first the peasants hung back. The society passed through a time of crisis—in fact, the installation of electric plant was an effort to preserve the mill from ruin—but a promise of foreign capital aroused the peasants, and in six weeks a million kč. was subscribed locally in 100 kc. shares. Dražiče station is one of several, most of them water power, with a total capacity of 7,000 h.p., serving 10 districts, 16 towns, 153 villages, and 23,000

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individuals. They form together a group of which Drazíče is the headquarters, and during 1928 supplied 12 million kw. The Drazíče group distributes over an area of 60×40 km. (about 38×25 miles), and has 430 kilometres of primary lines. In this area 224 villages are supplied with current from Drazíče, and only 20 have not yet been touched.

The first installation consisted of two vertical turbines, to utilise the water of the Jisera, and an oil engine. The total capacity is now 3,200 kw. at a tension of 600 volts. The cost of production is 1 Kč. (about 1½d.) per kw. There are two transformers of 300 h.p., each capable of distributing 4,000 kw. per hour.

In 1922 a steam generator was installed at a cost of 9,000,000 Kč., and arrangements are just being completed to take a current of 22,000 volts from a generating station at Prague. This can be obtained under ordinary circumstances more cheaply than current can be produced locally, except when there is enough water in the Jisera to supply the entire demand, owing to the presence of cheap local coal in the Prague area. The Prague current is redistributed to villages at 1,010 volts. Four other power stations on the river were bought in 1926, at a cost of 18,500,000 Kč., together with the electrical installations for three districts between Plzen and Prague. Each village has its transformer, which transmits the current to houses at 600 volts by means of three wires of 220 volts each. Current is differentiated for purposes of power and light at the consumer's house. Lamps, fittings, motors, etc., are obtained from the Central Co-operative Union. Land has recently been bought for the erection of a new hydraulic centre at Nové Benátky.

The Drazíče Society supplies current to private and co-operative factories, but its principal customers are peasants. The average farm is of about 20 hectares (under 50 acres). The total installation costs are 1,200 Kč. (£7 10s.), and the cost of current

3·60 kč. (5½d.) per kw. for light and 1·80 (2½d.) for power. In one village of 200 inhabitants there are forty motors. They are used by cobblers and similar village craftsmen. The average annual consumption is 150 kw. per year per inhabitant, but no separate figures are available for light and power, nor has the consumption of current for power per acre been calculated. No difficulty is experienced owing to the irregularity of farm demands. Co-operative electricity supply has no connection with the telephone service, which is usually worked with batteries.

Thus the whole scheme of electrification is carried out on a basis of public use, not private profit. The companies include most organisations supplying current direct to the public, only a small minority of which are in private hands, though many still derive current from private sources. They do not include private firms producing electricity for their own industrial use.

There are now twenty-two public utility companies, to a very large extent composed of co-operative societies, two-thirds of whose members are rural cultivators. In Bohemia there are nine co-operative federations affiliated to the Czech Central Union, each concentrated along a river or a section of a river, in order to take advantage of the water power. Steam is used principally where cheap coal is available, as in the neighbourhood of Prague. The total number of societies members of these federations is 867, with a membership of individuals between 40,000 and 50,000, and a share capital of over 36,000,000 kč., the largest single federation being that at Hradec Kralové, on the Elbe, with its 335 member societies.

The total number of local electrical societies in the Republic is over 1,300. Further up-to-date figures are lacking, but in 1925, when societies numbered about 1,000, there were in the whole electrical system of the country 272 independent power stations, and 143 connected with industrial undertakings. There



were 14,215 km. of lines, and a total output of 1,300,000,000 kw. per annum. The average consumption per inhabitant per annum was 96 kw. The consumption per user would naturally be higher. About 40 per cent. of current was used for light and 60 per cent. for power. The number of towns and villages supplied with electric current in 1929 was 6,400, with a population of 9,300,000, as against a quarter the number of villages and half the population at the close of the war. There are, however, 14,000 villages, mostly small, and many of them in Slovakia, which have still to be electrified. In Bohemia, Moravia, and Silesia electrification is nearing completion.

The central bodies responsible for electrification are the Ministry of Public Works, the Electrical Council, the Electro-technical and Machinery section of the Committee of Territorial Administration in Prague, and the Czech Co-operative Union of Bohemia, by which the electrical co-operative societies have been promoted and represented for many years. The German Union of Bohemia has a similar department. The Czech Co-operative Union, together with the Electrical Federation of Central Bohemia, bought, up to 1925, electro-technical material on behalf of the majority of electrical works in the Republic. Since 1925, when the Co-operative Unions ceased to trade, these two bodies have formed a joint company, which is one of the two organisations now entrusted with the purchase of electro-technical material. It is a commercial company, under the name of "Ves," which carries out electrical undertakings and acts as agent for electrical supplies. It does not manufacture materials or fittings. It is not a profit-making undertaking, but only exists to help the co-operative societies. In 1927 it began work in Slovakia in collaboration with the private company "Elektra." The Central Union carries out educational propaganda for the use of electricity, and it is worth noting that the peasant women are its most

valuable allies, the demand for electricity being usually first awakened in them. The manufacture of lamps is in the hands of a cartel. Appliances, as well as current, are standardised all over Czechoslovakia, except in cases of special requirements for factories, etc.

It is usual to group together electrical societies and societies for the joint use of machinery under the title of "Auxiliary Co-operatives." The classification seems to err on the side of philosophic subtlety, in view of the widely different scope of the two, but for convenience' sake it may be followed here.

The first machinery societies developed very rapidly with State help, but the method was found to be too inelastic, and some collapsed altogether. They were re-established on a basis of joint purchase and used by farmers for threshing machines, bruising mills, straw presses, chopping machines, electric motors, etc. Sometimes the loan of implements is carried on in connection with a credit society. In Moravia a few societies have been formed for the joint use of a weighbridge. Societies are usually formed with shares in proportion to acreage, plus an entrance fee and an annual subscription to cover repairs. Each member has one vote. Loan capital is obtained when needed. Machines are loaned out to members in turn at a fixed charge. Any member failing to make use of the Society's machines, especially threshing machines, is fined. Profits are distributed in 4 per cent. interest on shares, after an allocation to reserve, and are then used to reduce annual subscriptions or the rate at which machines are hired. In some cases the fees for hiring have been abolished altogether. No profit is distributed. Threshing societies suffered during the war from lack of coal and lubricants, but there has lately been a great increase in the number of societies, most of which are flourishing. They have reached a total of 115, the majority of them in Bohemia.

## VII.—RELATIONS BETWEEN PRODUCERS AND CONSUMERS

The relations between co-operative production and co-operative consumption in Czechoslovakia resolves itself principally into the relations between producers' and consumers' co-operative organisations, though there are side issues which disturb the symmetry of this arrangement. As has been explained previously, the agricultural movement of Slovakia is largely a consumers' movement, agricultural supplies being secondary to domestic. Here and there in Bohemia and Moravia an agricultural society will also have a department selling domestic goods, while during the war the Central Union did a certain proportion of wholesale business in boots and clothing. These, however, are minor developments and are not encouraged by the Central Union, which believes in confining the co-operative programme to purely agricultural issues.

The pioneer societies of the consumers' movement in Czechoslovakia were formed even before those of the farmers, but nearly all came to an untimely end. The present movement dates from the nineties of last century, and is represented today by the Central Union of Czech Consumers' Co-operatives, the Central Union of German Consumers' Co-operatives, which includes a subsidiary Union of Polish Societies, and the Union of Co-operative Societies organised by the Czech Socialist Party. The latter organisation had some 250 member societies in 1925, including a number of miscellaneous organisations, industrial productive societies, and a certain number of agricultural societies among the poorer peasants, grouped in the Union of Small Cultivators. These resembled the usual type of agricultural society, but were not of great importance, the main work of the Union being urban.

The Central Union of Czech Consumers' Co-operatives was formed in 1908, when the law compelled co-operative societies

either to submit to Government audit or to create auditing unions of their own. In the following year a wholesale society was formed which is now the largest commercial enterprise in Czechoslovakia, and in 1920 a bank and insurance department were added. In 1925 the movement had a membership of 1,298 stores and 470,660 individuals, practically without exception urban workers, representing probably rather more than half the industrial population of the Republic. The sales of the wholesale in 1926 were 530,170,347 kč., of which a small proportion goes in exports and sales to public institutions. The total sales of the movement may be placed at about eight million kč. About 25 per cent. of the sales of the wholesale have passed through some form of processing in its own works, and these goods include a good deal of agricultural produce. The Society is one of the largest grain buyers in the country and owns several mills, those grinding flour having a capacity of 320 tons daily. The value of the annual produce of mills and bakeries is 87,932,862 kč.; of meat factories, 21,021,334 kč.; and of coffee substitute mills, 16,021,334 kč.—a total of about 125 millions for agricultural produce. The following figures in million kilograms also give some idea of the dependence of the consumers' movement on agriculture: milling and general agricultural produce, 55; sugar, 19; potatoes, 14; lard, 3; coffee and coffee substitute, 2. Milk and perishables are all bought by local societies locally, several societies having their own dairies, butcheries, etc. The bulk of this produce is undoubtedly home-grown, and a certain proportion comes from co-operative sources.

For some years past a "free committee" has existed on which the Centro-Co-operative, representing the agricultural societies, and the unions of consumers and industrial producers, all met. It was occupied principally with questions of co-operative legislation, taxation, relations with the State, etc.; but in 1928

a further step was taken, partly in response to the resolutions on collaboration between producers and consumers passed at the World Economic Congress and the International Co-operative Congress at Stockholm. An agreement in the following terms was reached between the Kooperativa (the purchasing organisation of the agricultural societies) on the one hand, and the Czech Consumers' Wholesale on the other:

- (1) Each organisation will appoint a Committee of four members who shall settle all questions coming within the sphere of the agreement.
- (2) All questions which do not come within the executive power of both organisations are excluded from discussion.
- (3) The Committee shall examine all business operations which may be undertaken in common, especially the importation of cereals and feeding-stuffs.
- (4) The Central Co-operative Organisations bind themselves reciprocally to respect the trading relations with their members, and will exchange lists of the societies with which they transact business.
- (5) The Central Co-operative Trading Organisations bind themselves to purchase in common all products in which they deal, and to give preference to their own respective productions, provided the price and other conditions are the same. Lists of goods will be exchanged between the two organisations.
- (6) The two organisations will do all in their power that the whole trade, especially in agricultural products, shall be centralised in the Kooperativa, while the latter will establish a corresponding organisation in the principal distributive centres.
- (7) To facilitate reciprocal trading, each organisation becomes a member of the other.
- (8) The Joint Committee will settle all questions regarding the sale and utilisation of agricultural products and the possibility of speedy distribution.

- (9) The Joint Committee will also consider the rationalisation of their respective enterprises, and each of them will submit to the other an account of the goods produced and distributed. This common procedure will enable them to exercise a control over their own enterprises and over those of private firms. It will also help them to increase their knowledge in other branches of production.

The Committee is quite informal, holding its sessions as often as not by telephone. Its principal work so far has been to secure an agreed grain-buying policy which is put into effect by the two wholesales. The consumers' wholesale was able to do something towards steadying the market for the farmers' benefit by buying grain and reselling anything in excess of its own requirements, and, as a general principle, it buys from the Kooperativa in preference to other merchants when the price is equal. About 10 per cent. of its total supplies are purchased in this way, the remainder being bought in the corn exchange except for a certain proportion which comes direct from local farmers' societies to the mills of the wholesale. Offals are largely used by the consumers' societies themselves, but in some cases they are sold back to the farmers. There are no instances of farmers' supplying being carried out on a large scale, as it is by the English Co-operative Wholesale Society; neither do the local societies sell domestic goods to the farmers, thus setting up the sort of counter trade which is fairly common in England.

One or two similar instances of collaboration occur locally. One of the large agricultural milling societies in Moravia contracts for the sale of flour to co-operative bakeries, and has drawn up model contracts, which have been used for a large number of similar trading relations. A joint society of co-operative milk producers and consumers exists in Moravia. Half the capital was contributed by the producers' organisations, and the other

half jointly by consumers' co-operative societies and municipalities. The producers appoint five directors, and the consumers four; the chairman is a representative of the producers. In accordance with Czechoslovakian law and custom, a supervisory council is also appointed, in which the proportion of representation is reversed. The dairy can deal with 30,000 litres daily, though in 1925 consumption had not reached this point. The dairy also makes cheese, doubtless from surplus. Shareholders who are producers hand over their whole supply of milk to the dairy, and consumer shareholders agree to buy their entire requirements from it. Both the purchasing and the selling prices are fixed in accordance with market rates, with an addition for butter fat content. No remarkable decrease in price spread has occurred, the object of the Society having been rather to secure a regular market on the one hand, and good and regular supplies on the other.

An entirely different development, and one which may be regarded as eccentric to the usual scheme of producer-consumer relations, is the organisation by the Consumers' Union of agricultural land-owning, leasing, and cultivating societies. The English Co-operative Union in its earlier years frequently dallied with a similar idea, but little was done. The land reform in Czechoslovakia gave a chance of practical realisation to ideas of co-operative communities and the socialised cultivation of the land. The members of such societies were small peasants or more frequently former agricultural labourers. Their formation was somewhat slow owing to the difficulty of finance, and by the end of 1923 only 1,664 hectares had been allotted to such societies, and there was a considerable waiting list. In 1924 there were 158 societies, of which only eighteen owned their land, the remainder having taken out leases. Some of the estates were of fair size, one of 255 hectares (about 600 acres) supported forty

families of agricultural workers. Four complete communities held a total of 625 hectares, and a few years ago had a considerable livestock and were growing corn at a profit. The movement, however, has not been an unqualified success, and though it cannot be condemned as a failure, it must still be regarded as on its trial.

The German Union of Consumers' Societies, which includes Polish Silesia, was formerly a section of the Austrian movement, but at the separation it was forced to develop as an independent organisation with a wholesale of its own. It consists today of 173 societies with 240,000 members, representing nearly a million souls. The wholesale society had a turnover in 1928 of 300 million kč., and the total turnover of the movement may be estimated as something in the neighbourhood of 500 millions. About one-sixth of the produce sold by the wholesale comes from its own factories and mills, and is to a considerable extent agricultural in origin. The flour mills handled two million kilograms of flour during 1928; macaroni totalled 150,000 kg.; preserved vegetables, principally cucumbers, from South Moravia, 1,500,000 kg.; tomatoes, onions, and cabbages, 440,000 kg. Eggs were pickled to the number of a million and a half, and the Society also manufactures chicory and corn coffee, mustard, vinegar, and wine. It has a steam dairy and cheese factory, with a daily capacity of 3,000 litres, a bacon factory, and a distillery. Most of the raw materials are home-grown and obtained generally direct from the producers, though a certain amount of grain is imported; but it does not appear that any appreciable amount comes direct from a farmers' society. The only practical step towards organised interrelations which has so far been taken is a resolution passed at the Annual Meeting in 1928 welcoming the collaboration between producers and consumers in the Czech movement, and receiving as members of the German Wholesale Society both



the Kooperativa and the Czech Consumers' Union and Wholesale.

Connected with both the Czech and German consumers' movements are several productive industrial societies, including bakeries. There are also a number of successful building societies and, independent of any of the above, a group of "official" co-operative societies catering for a similar public to the Civil Service Supply Association in London, but on genuinely co-operative lines. None of these appear to have the slightest connection with the agricultural movement.

As will be seen, the links between the two movements are as yet tentative, although some conscious approaches have been made and a certain amount of very cautious goodwill exists. In some ways there are excellent grounds for a much wider development than could easily be obtained, for instance, in England. Imports of foodstuffs into Czechoslovakia are comparatively small, so that home buying must necessarily be the rule amongst managers of consumers' societies. Further, the establishment of central markets and the complication of distributive processes has not gone so far as in Great Britain. Both sides, moreover, are well organised, probably the best-organised concerns each in its own sphere, and if the agricultural group is somewhat the stronger, it has not attained to anything like the immense and apparently terrifying preponderance of the C.W.S. in English affairs. Further, the social purpose of co-operation is much more consciously maintained amongst the agricultural leaders than is usually the case in England, and regular sales to the consumers' societies find a place in their ideal scheme of social organisation.

It is true there has been a measure of "poaching," principally by the consumers' organisations, and a consumers' dairy or coffee factory may easily have estranged farmers with whose undertakings they competed. On the other hand, the whole class of

transactions represented by the C.W.S. sales to agricultural societies are in Czechoslovakia carried out by the agricultural wholesales. Thus any intertrading which develops is likely to pass in one direction only, unless, of course, the existing agricultural consumers' societies in Slovakia and elsewhere should at any time be handed over to the consumers' movement—a course for which there would appear to be many economic recommendations.

The real obstacles to progress seem to be three: the inevitable economic opposition of buyer and seller, which no amount of idealism can remove, though intelligence can do much to adjust; a curious, indeterminate, but very marked hostility and lack of comprehension between town and country; and a strong and perfectly open division of party politics. The urban co-operator is a social democrat, the peasant is a conservative, though of a brand of conservatism differing considerably from that professed in England. The worker wants no food taxes; the peasant wants higher duties on every imported product likely to compete with his own. The worker wants the resources of the State spent in social insurance; the peasant would earmark them for agricultural development. Party divisions tend more and more to run along the lines of professional cleavage, and political antagonisms find their speediest echoes in the economic sphere. It seems probable that, in spite of these obstacles, interrelations will continue to grow slowly, and that their future progress, like their past development, will be firmly based on economic facts and all the guarantees that a perfectly amiable and mutual suspicion can afford.

### *Co-operation and the Land Reform.*

Co-operation and the land reform have touched at more than one point. In the most general sense the land reform has increased the responsibilities and opportunities of the co-operative movement by increasing peasant production and consumption.

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Co-operation is also one of the main agencies to which the State looks for the spread of technical education tending to the best use of the newly transferred land. A co-operative society for the purchase and sale of land was founded in 1921 by the German co-operative movement, partly for the supply of credit, and partly to negotiate for the redistribution of land. The co-operative credit banks are amongst the institutions entitled to supply credit for the indemnity bank to the purchasers of land. Further, although the reform was made primarily in the interests of "private property and individual exploitation" it is possible for co-operative societies to own or rent land, forests, pastures, fishponds, water power, or agricultural industries. Membership is open to small peasants, former employees of the great estates, and labourers. Societies may be composed of consumers, but they must not trade with the produce of the land or take a higher profit than the usual interest on shares. Members of all societies must take personal and permanent interest in their society, and no profit arising from capital invested in the enterprise must be distributed except in interest on shares. All rules and schemes of operation must be submitted to the Land Office, which may grant credits up to 90 per cent. of the value of the land or 50 per cent. of the value of buildings. In some cases a further credit is advanced for working capital.

Up to 1928 co-operative societies had not acquired more than 2 per cent. of the arable land distributed (13,133 hectares—32,000 acres). In forty-two cases the residual estate passed into co-operative hands. Of the societies participating, 149 with 755,000 members took over agricultural industries, such as the distilleries already described, and with them a small amount of land (650 hectares). A similar small area has been taken over in scattered districts by 26 co-operative building societies of an agricultural character. There remain 140 co-operative societies

actually engaged in agricultural production, with 7,642 members owning 11,228 hectares of land. These include 48 pasture societies of the type already described, and 7 "arable" societies, amongst which are the residual estates which in some cases have been taken over by a co-operative society and run partly for profit and partly as model farms, experiment stations, and breeding centres for the neighbourhood. The members of both pasture and arable societies are usually small peasants, holding land of their own and joining in the society as an additional venture. Besides these there are 34 "collectives" with 4,257 hectares and 434 members, nearly all of them former employees of the great estates. They have received State credit of 25,700,000 Kč. for acquiring and exploiting their land, which they are attempting to do on communal lines. Some of these are under the care of the consumers, not the agricultural co-operative movement—a political rather than economic affiliation. The experiment is something new in the agriculture of Czechoslovakia, and it is felt that it has yet to prove itself. The remaining 51 co-operative land societies hold some 3,290 hectares and have 3,266 members, most of them agricultural labourers, but a few of them peasants with very small properties. One or two are run as "collectives," but most are similar in purpose and method to English allotment societies.

#### VIII.—CONCLUSIONS: CO-OPERATION AND SOCIETY

There were in 1928 just over ten thousand agricultural co-operative societies of all types, an increase of 55 per cent. since 1919. Membership figures are not available, but, by calculating from past statistics, membership may be assumed to be at least 750,000, which means, when dependents are reckoned, that rather over 60 per cent. of the agricultural population is connected with

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a co-operative society. Regarded in another way, the figures show one co-operative society for 538 persons dependent upon agriculture or forestry for their livelihood. The geographical distribution of societies is fairly uniform and fairly complete; except perhaps in the eastern Provinces there can be few places where a co-operative society is not available for the peasant who wishes to become a member.

The position of the co-operative movement in the business of the country as a whole is more difficult to assess, and mere membership conveys little when it is impossible to say to what extent the member makes use of his society or the society accepts the support of non-members. Agricultural co-operative banking, though it possesses the second strongest single bank in the country, accounts for less than 10 per cent. of the total deposits confided to all banks. On the other hand, it receives 58 per cent. of the deposits made with the specifically agricultural banking institutions. Co-operative industry in chicory-drying covers 70 per cent. of the national output, agricultural distilling 54 per cent., and in the small flax trade 75 per cent. Grain and requirements are more difficult to state proportionally, because the two things are inextricably mixed. The total co-operative turnover is in value roughly twice the Czechoslovak export of grain and milling products, and about the same as the import; but such a statement conveys very little beyond a general idea of the importance of the trade. The co-operative movement handles no more than 4 per cent. of the country's total milk output, but some 60 per cent. of what passes through mechanically equipped dairies. Its influence on the sales of meat and fruit is small but growing. The sugar, brewing, and malting industries have always been in the main outside its scope. Hops it has failed to handle, for no very clear reason. Wine is not one of the principal products of Czechoslovak agriculture, but that too is in the main outside the

co-operative system. Egg-marketing and poultry-breeding have been organised co-operatively to a limited extent, and this is recognised as one of the fields awaiting cultivation. The present problem in Czechoslovakia, as elsewhere, is that an egg is an egg, and a graded egg is likewise an egg, and that until the product can be valued more highly, the peasant is not going to trouble himself with setting up marketing machinery. There is no co-operative wool-marketing because, generally speaking, there is no wool. In Sub-Carpathian Russia, where the clip is of some importance to the peasant, a pioneer society exists, but this is precisely the region where co-operative development is most backward.

Amongst small or local developments, a drainage society is on record, but most of the remaining miscellaneous activities of the agricultural movement are semi-industrial in character. They are divided into industries which the societies carry on for the benefit of their members, such as printing, and, more important, building, in which some twenty-five societies are engaged, brick and tile making, lime quarrying and burning, which may become almost capitalist concerns, selling to members and non-members alike; and industries which the members carry on for a livelihood and conduct co-operatively on the selling side. This group is represented by basket-making in Sub-Carpathian Russia and by weaving in Bohemia, where thirteen societies have been organised by the Central Union, which supplies cotton yarn and markets the product.

The rural consumers' societies are in a somewhat different category from any other owing to their predominantly domestic basis. They are not regarded with much favour by the co-operative authorities in Prague, principally on the ground that they are economically anomalous, but possibly also to some extent on account of their origin under Hungarian influence. Economically

it might appear that they would be much better provided for under the sheltering wing of the consumers' movement, as has been the fortune of similar societies in the remoter parts of Great Britain; but here political difficulties would intervene, and the conservative agricultural movement would doubtless look with apprehension on the possible creation of nests of social democrats throughout rural Slovakia.

Another department in which no great progress has been made is that of co-operative insurance. The insurance of livestock has already been dealt with, and it may be conjectured that a similar reason—the existence of satisfactory commercial insurance—has had something to do with the slow growth of other forms of co-operative insurance. More serious still has been the unwillingness of the peasants to insure themselves at all. Both the Czech and German Unions of Bohemia have sections for life insurance, insurance against risks of fire, hail, etc., and do a fair volume of business spread over a large number of small policies.

Of the constitution and activities of the twelve Central Unions, built up by the affiliation of shareholding societies as the societies are built up by their individual members, there is perhaps little more to say. Shares bear an agreed relation to membership and votes to shares, with an upward limit which prevents the domination of any one society. The Unions pursue their main functions of technical and financial supervision, and are themselves united in the "Centro-Co-operative," formed after the war, not without some difficulty, owing to the racial and linguistic barriers between its members. The Centro-Co-operative, too, exercises certain rights of supervision over the affiliated unions and commercial centres; it is officially recognised by the State; it is concerned with questions of legislation and administration; it represents and defends co-operative interests. It represents Czechoslovakia on international bodies, the International Labour Office, the International

Institute, and the International Commission of Agriculture, and maintains intercourse with other national co-operative bodies.

One aspect of co-operative activity has so far been scarcely mentioned, and that is its educational programme. In 1919 the Czech Central Union of Bohemia opened an Agricultural Co-operative School in Prague with the support of the Ministry of Agriculture. Its purpose was the training of co-operative managers and office-bearers. For the former a course of one year is arranged, and pupils are accepted direct from the secondary schools. Some scholarships are available, but the fees are low. The teaching staff consists in part of the officials of the Central Unions, in part of lecturers from the universities and technical schools. The school turns out about thirty pupils yearly, which is as much as the Union can absorb in its employment. The school also arranges courses of three weeks for committee members, and carries on extensive correspondence courses for the benefit of the same type of students. It is gradually extending its work into the country, holding three-day schools, and making special efforts to communicate a knowledge of bookkeeping and the management of credit banks to all sections of co-operators. The German Union has no co-operative school, but relies on training its managerial staffs through actual work in the movement.

The relations of the co-operative societies to their managerial staffs are in many ways admirable; they are well trained, have a good standing with members and committee, are often well housed in buildings provided by the society, and not infrequently share in profits, either as a yearly bonus or a reserve for pensions. Unfortunately these privileges do not appear to be often extended to manual workers. All unions carry on propaganda by means of meetings and exhibitions and the work of inspectors and organisers, and they are beginning to realise the importance of winning women's support for the movement. They also publish



weekly or monthly papers in the language acceptable to their members. The Centro-Co-operative is further a trustee for the "Kampelik Fund" contributed by the co-operative societies and used for the publication of co-operative studies of a scientific character. The Ministry of Agriculture assists in work of this kind, and in the financing of "study journeys."

The methods of the cinema and the wireless have not been neglected. Ten co-operative films have been made, of which the titles indicate the contents: "The Two Brothers" (credit); "Long Ago and Now" (grain warehouses); "Milk, the Food of the People"; "Cattle Breeding and Marketing"; "The Coffee Industry," etc. These films go the round of the villages, accompanied by a lecturer. The Co-operative Union has arranged a daily broadcast of agricultural prices, and at intervals co-operative propagandist talks are given.

A quite independent undertaking and one which has less significance for the education of co-operators than for the zeal of co-operators for education, is the "Svehla" College, a students' hostel for the sons of peasants attending the University of Prague. The college is the property of a co-operative society of which the co-operative unions and other agricultural organisations are the shareholders. It provides accommodation for 300 students at low costs.

This is only one instance of the social aims of the movement, of its consciousness that its purpose is only to be fulfilled in building up a good rural life in the widest sense. It is with this object in mind that it has fostered electrical development and preached good husbandry, giving technical instruction unprompted by the Ministry of Agriculture or any other official body. It is with this object that the Czech Central Union is now planning the installation of co-operative laundries in the villages. Washing, it is correctly argued, is one of the heaviest

tasks the village woman has to perform; liberate her from it and you improve her health and the comfort of her family, while you increase her leisure and the opportunities for improving her mind.

This tendency to extend co-operative activities to many departments of rural life is even more marked amongst the local societies, whose energy has broken out in the most varied directions. Many have built "Agricultural Houses" to be their own headquarters and the centres of village social life. Not a few have halls with a musical or dramatic society in possession, or a library attached, or the co-operative society has contributed to the building of a village gymnasium. In one case the co-operative society houses the activities of the Town Council. Sometimes the co-operative society has built the village school, restored the church, brought telephones to the village, laid out public gardens, built a cinema, or started a bus service. Credit societies start subsidiary savings clubs for school children. One of the Unions in Moravia holds shares in a forestry school, a spa, and a sugar factory. In the mountain regions a group of co-operative societies has sometimes revived the whole corporate life of the place.

In some districts the co-operative movement has become a social force not so much by any particular communal undertaking as by the mere concentration of co-operative enterprise. The classic instance is Dražiče on the Jisera, already referred to in connection with electricity. The society began rather more than twenty years ago with a flour mill and farm, going on to build a small power station. The history of its electrical development has already been told, but it has branched out in many other directions—a jam factory, a distillery, a smithy for the repair of agricultural machinery, a chain and tool making shop, a credit society, bakery and housing accommodation for the employees, a small consumers' store, a restaurant used both by the employees and neighbouring peasants. It has extended its

work to several branches; the mill draws supplies from eleven depots. The society owns a brickfield and a factory for the manufacture of oxygen. It has a hall, bearing the motto "Through common work to the common weal," which holds six hundred people, where lectures and plays are given. After the land reform it bought the local "residual estate" of 120 hectares (nearly 300 acres), and now runs it as an experimental farm under a manager. Cattle-breeding, cow-testing, and milk-recording are carried on. Calves are sold to the peasants, many of whom have acquired land from the former great estates. Implements are loaned out by the society. Cows are electrically milked, and experiments are being made, so far without commercial results, in growing vegetables under electric light. The society owns all that is left of the thirteenth-century castle, and has restored and reopened the fourteenth-century chapel and adorned it with the symbols of the society—a wheel and lightning flashes—and of the peasants' party.

Similar if less striking examples are to be found elsewhere. Praskačka, thirty years ago, is said to have been an ill-kept, poverty-stricken village without railway station or post-office. Through the energy and devotion of the village schoolmaster a credit bank, chicory kiln, mill and bakery have been erected, and all three organisations have joined together to build a village gymnasium. The employees are housed by the society, the village is tidy, progressive, and in touch with the rest of the world. In Kostelec it is jam-making, chicory, farmers' supplies, and baking which have been combined; in Sany, credit, chicory, and baking, also baths and vapour baths for members and employees. In Hukovice (Silesia) a distillery has led, naturally perhaps, to an inn and station restaurant, but less obviously, though probably even more beneficially, to electric light and public baths. At Pílkazy in Moravia the work was once more

almost entirely that of one man. A loan bank many years ago was followed by a farmers' malting company and sugar factory. Cattle-breeding was taken next, then a co-operative dairy, production and distribution of electricity, a grist mill, a flour mill, and a bakery. At Smržice, a district with an old reputation for political democracy, the commune itself took shares in a malthouse and sugar factory and started a loan bank. There are three machine-using societies in the district, a dairy and a requirements society. Livestock insurance was followed by stock-breeding, and that in turn by plant-breeding. Electricity has been the latest development. At Unerazka a co-operative pasture was the first step, succeeded by a stock-breeding society, a drainage scheme, and a steam dairy. Later came farmers' requirements, egg-marketing, electricity, a loan bank, livestock insurance, and the extension of breeding societies to pigs and poultry.

The position of co-operation in the peasant economy and national life in Czechoslovakia is sufficiently shown by the record of its achievement. It may, perhaps, be worth while to consider briefly its ideals and its underlying philosophy. In a book on co-operation published in 1922, Dr. L. F. Dvořák says: "Our age has set two mighty purposes before it—the reform of the land and the creation of a new social justice through the transformation of labour from a marketable commodity to a joyful activity, filling the life of every individual with a joyful content. True to its fundamental principles, agricultural co-operation will strive towards these two goals." This is a fine doctrine, though the English farmer might possibly find it a startling one, and the development is no less interesting. It is pointed out that the principles which dominate modern life are the principles of commerce: "Goods are bought in order that they may be sold again at a higher rate . . . the only concern of the trader is to

sell dearer than he has bought . . . he knows that goods of indifferent quality will often earn him more than those that are superfine," or useless articles more than useful. Thus luxuries are imported, unproductive middlemen increase, and production falls.

Thus the Czech peasant can utter opinions which our period considers revolutionary, and still have a sounder claim than his English colleague to the title of conservative. For at bottom his doctrines, consciously or unconsciously, are the economic doctrines of the Middle Ages, still applicable without serious modification to a peasant community, however they may require to be transmuted to fit a complex industrial civilisation.

Uncontrolled competition, proceeds the argument, is wrong, for private interests collide with public. Socialism is unworkable, for private interest is too strong for it. A system must be found which will use private interest for public purposes, and that system is co-operation. To effect its object, co-operation need not control the whole of industry, but it must be established at key points. It does not suppress competition, but it makes the weaker able to compete. Herein, perhaps, is a measure of belated comfort for the English conservative. What he, or indeed his most socialist neighbour, would make of one of the supporting dicta is another matter. There is a theory abroad, says Dr. Dvořák, that all production is for purposes of consumption. But this is wrong. "The true worth of life does not lie in what a man needs, eats, drinks, wears, in where he dwells, what he has felt, seen, or read, but simply and solely in what he has *made*—not what he has made badly, but only what he has made better than it was before." This is a tough doctrine, justifiable perhaps on the assumption of a perpetually evolving universe in which man is to work through an endless cycle of concrete creation and spiritual recreation, though which is the purpose of which

might still be a subject of debate. The mundane application of the theory is that where the emphasis is on consumption, less attention will be paid to the production of goods and more to their presentation to the consumer. Thus the trader will have his chance to put a spoke in the wheel of society.

This, it may be observed, is to omit the consumers' societies, which figure in a somewhat different connection in the argument. One of the great problems of the age is the problem of the reward of labour, and this the co-operative movement is to ease if not to solve: firstly, by a scrupulous treatment of its employees, who are to be members and enthusiasts for the movement; and secondly, by regular and direct sales to the organised consumers. Another social problem is that of the functioning of democracy, and here again co-operation has a unique value, for political democracy and economic democracy are allied, and co-operation, by ensuring the latter, also promotes the former.

A Czech writer has pointed out that it is always difficult to know if people hold their principles on principle, or because they suit them. Obviously the principles of the Czech co-operator are derived from his circumstances. The peasant must have the land, and capitalist landlord or socialist State are alike his enemies. The producer must glorify production, and the man who is absorbed mind and body in his work must, more than the victim of mechanical toil, insist that labour is a vital function. It is the small man who suffers rather than the big man who profits by it who is quickest to see the evils of commercialism. Village life naturally promotes a kind of mutual aid which is creative rather than defensive.

Czech co-operation has all the marks of a movement which has succeeded by being the natural outcome of the material from which it is formed, and the circumstances which surrounded it. It has succeeded as a capably run business organisation,

able to beat private industry by its own methods—that is, technically. The Czech, no more than any other peasant, is prepared to support a co-operative society from motives of pure piety. If it does not pay him, he will go elsewhere. He is familiar with all the co-operative vices, and he will break his membership contract or play his society off against the private merchant with as much mistaken ingenuity as his neighbours. Moreover, Czech co-operation is not purist; it is surprisingly careless of form. It admits systems of voting by shares which would scandalise many devoted co-operators. It starts concerns in which the capital may be co-operative and the intention generous, but in which democratic control is attenuated to a shadow. It allies itself with private undertakings and, it is only fair to add, generally ends by swallowing them whole.

Wherein, then, does the social idealism lie? The question perhaps suggests that idealism and success must necessarily be divorced, and that social principles have no adequate equivalent in actual well-being. The absurdity partly supplies the answer. But the claim of co-operative idealism lies more pointedly in the fact that it has realised economic necessity in moral and intellectual form, and that it has found exponents who were prepared to sacrifice for it more than they were ever likely to gain. Not only individual pioneers, but whole societies whose members have laboured voluntarily on constructive work for the society, or made personal levies to save the society from collapse, have demonstrated this spirit. Undoubtedly, the national spirit of the Czechs, frustrated in other expression, went in some cases into co-operative effort and mingled with social purpose. But the springs of altruistic action are in any case too remote for this distinction to be of more than superficial interest. "Unless there is solidarity and the sense of community, there can be no successful co-operative societies, but only skilfully conducted businesses."

Enthusiasm without business efficiency is useless, but in some cases business efficiency has attracted support and even enthusiasm, while in others intelligent and durable enthusiasm has secured business efficiency, and the last sequence produces the better results.

It is common for the historian of a local society in Czechoslovakia to conclude his story by saying that the society is "the pride and joy of the whole neighbourhood." To English ears the expression sounds a trifle naïve as applied to a corn mill or a chicory kiln. But it indicates how central a place co-operation has come to fill in the countryside. It has planned an order which shall embrace all sides of rural life and all classes of country dwellers, and to a considerable extent it has carried it into effect. "Co-operation represents a better order embedded in an imperfect system." The most serious defect in its philosophy is the apparently unbridgeable gulf between town and country, and the very faint attempts which are made to find some place for modern industrial populations in the peasants' Utopia. What it cannot mould it may be tempted blindly to oppose. This is the weak point of a movement whose aim is to work first for the welfare of the agriculturist—then for the people as a whole, "and for a new social justice consisting in this, that all fellow-citizens shall be able to work freely and fully . . . so that common efforts may fulfil the common needs."



# GERMANY: A GREAT RECONSTRUCTION

BY

PROFESSOR DR. ERNST GRUNFELD (HALLE A/S.).

## GENERAL CHARACTERISTICS

GERMAN agricultural co-operation is distinguished by two peculiarities; it is the oldest and most many-sided in the world, and it has paid special attention to the provision of credit, that is of personal credit. Mortgage credit (which in Germany, in contrast with Great Britain, for instance, is facilitated by an excellent land register) has developed extremely well through other machinery, some of it very old. This has been of more service to the large landowner than to the peasant, who only has recourse to mortgage credit for small amounts. Consequently, agricultural co-operation has principally benefited peasant agriculture, which long remained under the political and social influence of the great landowner and his immediate circle, and in a measure still so remains. This is probably also the reason why German agrarian policy is influenced by the large estate. Thus credit has taken first place in agricultural co-operation; co-operative supply of goods and trading societies (for dairies, use of machinery, etc.) the second; and co-operative marketing the third. In other European countries and in America co-operative marketing has played a leading part, yet is a later development; credit was provided by the private banks placing themselves at the service of agriculture. The pressure towards co-operative marketing comes from the necessities of peasant agriculture. In Germany provision of credit and tariff policy, as well as the great increase in urban

markets, has to a great extent relieved agriculture of this pressure.

Since the re-establishment of the German currency (1924), the condition of the international market for agricultural produce and the gradual increase in the price of land through protective tariffs have added so heavily to the burdens which the war and reparations already imposed on German agriculture, that it has become necessary to look for new means of assisting it, and among them it is hoped that co-operative marketing will also be developed. German agricultural co-operation has thus entered on important changes; its former position must first be described if the changes are to be made intelligible.

Amongst the peculiarities of the agricultural co-operative movement in Germany must be reckoned the fact that it handles no articles of consumption, as is done, for instance, by a section of the Swiss agricultural co-operatives. This is arranged with the political object of protecting the rural grocer and innkeeper; buyers of agricultural products, on the other hand, traders and bankers who are rather wholesalers and often Jews, are not protected but are frequently supplanted by the competition of the co-operative societies. Collaboration with the consumers' societies has not, up till now, been very promising, partly for political reasons, partly through insufficient care of co-operative output. A change, however, seems to be forthcoming.

Finally, it should be noted that agricultural co-operation in Germany, except to a very small extent, has not been called into being by unions of professional interests, but is a spontaneous movement. It seems, however, that an increasing dependence on professional unions and parties is arising here as in many other countries.

## THE POSITION OF THE AGRICULTURAL CO-OPERATIVES

On January 1, 1928, there were in Germany 40,095 agricultural co-operatives, amongst them 20,755 savings and loan societies (credit societies), 4,540 supply and marketing societies, 4,095 dairies, and 10,705 various. The statistics are not precise, for a whole series of marketing societies are classed under "various," for instance: 278 wine growers' societies, 353 meat societies, 184 fruit and vegetable societies, 7 flax societies, 51 bee-keeping and honey societies, 187 egg, poultry-breeding, and game societies. The largest group under this heading is, however, formed by the 6,120 electricity societies. There is a co-operative society for every 716 hectares (1,719 acres) of agricultural land. In 1913, in the old imperial territory, it was one for 1,289 hectares.

Of these co-operatives, 93·5 per cent. were organised in unions on January 1, 1928. The number of outsiders declines progressively. Of the affiliated societies, 25,946 belong to the Reichsverband der Deutschen Landwirtschaftlichen Genossenschaften (the National Union), and 8,609 to the Generalverband der Deutschen Landwirtschaftlichen Genossenschaften (the General Union). Besides these two great unions, there are two others having about 1,000 members each, the Landwirtschaftlichen Revisionsverband der Bayrischen Bauernvereins (Auditing Union of the Bavarian Peasants' Organisation) with 1,145 members, and the Genossenschaftsverband des Reichslandbandes with 916.\* Owing to considerations of space, the following pages will relate almost exclusively to the co-operatives of the two great unions, which are however typical of the whole agricultural co-operative movement.

\* Now in liquidation (see below).

## HISTORY AND FORMATION OF THE UNIONS

The entire German co-operative movement goes back to the activities of Hermann Schulze-Delitzsch, a well-known liberal member of Parliament who evolved it from friendly and benevolent organisations in the middle of the last century. Agricultural co-operation has to thank him for the originating impulse and the guiding principles of its work, which were adapted to the circumstances of the small peasantry by Schulze's contemporary, F. W. Raiffeisen, the burgomaster of a small rural district in Westerwald (in Western Germany near Neuwied). A fellow-worker of Raiffeisen, the official and subsequent national liberal M.P., Wilhelm Haas, afterwards separated from him and created more co-operatives with a return towards the principles of Schulze-Delitzsch, further laying the foundations of the Reichsverband.

Differences of opinion as to the method of co-operative work for many years maintained a conflict of views between the two systems; this has at length subsided now that the period in which the differences arose has entirely passed away. Raiffeisen was confronted with a population of small peasants impoverished to the verge of misery, much in the hands of usurers, and, in part at least, unable to read or write. He accordingly set great value on the moral and (in a non-sectarian sense) Christian education of the country people, and was aware that the leadership of his "Raiffeisen societies" must be principally in the hands of the educated people of the village (teachers, priests, doctors), since a certain amount of authority and strong control from above were necessary. To this point of view he clung with a native stubbornness. He favoured the general purposes society, whose type is the so-called Raiffeisen society. This is principally a credit society with a substratum of those charitable elements which first moulded the co-operative movement. Thus the Raiffeisen

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society, though it calls itself a savings and loan bank, is also a sale and purchase society, since the village is too small to support more than one co-operative society. Haas devoted himself especially to the rising requirements societies, which in Raiffeisen's view were somewhat premature, but which in the period of agricultural intensification became of increasing importance. Haas had to do with peasants who had somewhat more commercial training and a larger turnover. He did not attach so much value to rigid centralisation, and so it was that in the loosely organised Reichsverband, to which much later certain large unions affiliated, the emphasis was laid on the district unions, not on the national centre, while in the Generalverband, which in time fell behind the Reichsverband, the whole structure rested on a national apex.

Thus the Generalverband also had a bank for the whole country (the Raiffeisen Bank) with branches in the centres of the provincial auditing unions, which was at the same time the centre for the business in requirements. The Reichsverband only had for a short time a national co-operative bank, but it has a centre for banking and trading in each provincial union.

The principal financial centre for the German co-operative movement (as well as for other forms of co-operation in so far as they have not financial centres of their own) is the State bank founded by the Prussian State in 1895, under the name of the Prussian Central Co-operative Bank. It is today a limited company, the great majority of whose shares are in the hands of the Prussian State, but whose activity extends over the whole country, although a few of the other member States of the German Republic also have, though with much slighter resources, provided State credit for their territories. The name of the bank is usually shortened simply to the "Prussian Bank."

## CO-OPERATIVE CREDIT

The achievements of the German savings and loan banks, or, as they are sometimes called, the village banks, are quite extraordinary. If in Germany today the usurer is a rare phenomenon, it is principally thanks to the co-operative society. There were formerly no financial institutions in the country districts. The savings banks, so far as they existed, merely accepted deposits and transferred the accumulated sums to the towns. The mortgage banks (*Landschaften*) were inaccessible to the peasants, and, in addition, only gave mortgage credit. The need for personal credit, which increased in the middle of the last century with the introduction of a money economy and the intensification of agriculture, only found satisfaction with the trader and the private moneylender, who was often also the village innkeeper.

From this dependence on the supplier of his needs and the purchaser of his produce, a dependence of which bad use was often made, the peasant was freed by the savings and loan banks. They collected the money of the village and loaned it out in the form of personal credit. And, as in accordance with the precepts of Raiffeisen, they limited themselves to a small circle, usually a parish, it was possible to gauge thoroughly the solvency of every debtor and so protect themselves from losses. In the same way they also became trustworthy institutions for the depositor. It would, however, be false to suppose that the rural savings and loan banks only have peasants as members. In accordance with the mixed character of the rural population, including those of other professions, the banks include non-agriculturists up to half their membership. The two million odd members certified as belonging to the two great unions in 1926 were only 61.1 per cent. agriculturists. The rest were artisans, traders, clergy, teachers, officials, employees, and workers mainly not engaged in agricul-

ture. Non-members may, of course, deposit their money in the village bank, but loans are made only to members; the agriculturists among them are almost all peasants. In 1926 each bank had an average of 109 members; a quarter had less than 50. Thus there is a bank in every village. It is small wonder that their influence on agricultural conditions in the open country should be a powerful one. They have carried out a great work of education, and not only brought thrift and account-keeping to the peasant, but have given the idea of mutual help a new meaning and self-help a new status.

Self-help, indeed, has worn a new aspect since the close of the war. The great co-operative credit organisations were everywhere at hand and in a position to transmit to the individual agricultural co-operative societies the credits derived from central funds, and especially from the State. Before the war the banks of the unions of agricultural credit societies were clearing houses and collecting offices for disposable cash. The worsening of the agricultural situation after the war so reversed the position that no money flowed into the union banks while much was drained away. The accumulation of capital from the ranks of the movement itself turned to a large extent upon the resources of the professional element in the savings and loan banks. Happily there were a few agriculturists also in a position to contribute savings after the war, but only to a small amount.

A statistical exposition of the whole circumstances of agricultural credit co-operatives is not easy. Published figures are always late and are not complete. Even the accounts of the reporting societies suffer as material for an estimate from the diversity of statistical method and constitution between the two great unions. I will sketch a few data which promise to contribute to the picture.

It is important to make clear how the war and its consequences have affected the credit conditions of agriculture in Germany. Before the war its mortgage debts were valued at 13 milliards. Of this 2·9·4 milliards Reichs Marks have been re-valorised. Up to the autumn of 1927 agriculture incurred a new debt of over 7 milliards. But this new debt does not consist of cheap mortgage as before the war, for there is a lack of money in Germany. (For instance, the remaining part of the above-mentioned 13 milliards, which was loaned to agriculture, has simply evaporated.) Consequently, in most cases personal credit has had to take the place of loan credit, and the burden of interest is more than double that of peace time. Today it may be questioned whether a little too much has not been done in the way of taking up debts and providing credit. But the position of agriculture was desperate, and in order that work might go on—for instance in 1923, when the price of the harvest slipped through the peasants' fingers in depreciated currency—money had to be provided; and under the impression of the depreciation it was forgotten that this money must be repaid and in a more stable currency.

Indebtedness in unfavourable circumstances is a contributory cause of the unfavourable position of agriculture; many debts were incurred in order to pay off the interest on previous debts and for similar purposes of an entirely unproductive character. An enquiry by the Institute for Commercial Research in Saxony, where agriculture is somewhat better placed, produced the following results: that in 1924, of the newly granted credits, 24 per cent. were devoted to wages, interest, payment of taxes, replacements, dowry, and other unproductive purposes, while in 1927 the figure had risen to 44·2 per cent.

All these circumstances affected equally large and small properties. The small man, the principal subject of co-operative work, is in a still worse position in so far as he can only receive



small sums on mortgage credit, generally on even less favourable terms than the great landowner.

Thus, in the period since the war, working credit has been of capital importance and, since the coffers of the co-operatives were almost empty in 1924, the money required for loans had to be obtained from above, as has been explained. The description of the credit undertakings of the co-operatives in the post-war period must thus begin at the top.

This apex is, for the agricultural co-operative movement of the whole country, the Prussian State Bank, which had rapidly to increase its working capital in order to meet the needs of its clients, amongst whom were others besides agricultural co-operative societies. In March, 1914, it stood at 231 millions, at the end of 1925 at 1,042 millions, and at the end of 1927 at 960 millions. The capital of the Prussian Bank consists partly of the foundation shares of the Prussian State, which before the war stood at 75 millions, shrank to 3.6 millions with the first return to gold marks (1924), and at the end of 1927 increased again to 45 millions; in addition are the shares of the co-operative unions, which amounted to 15.5 millions at the end of 1927, and the reserves, standing at 9.2 millions before the war, and 29.3 at the end of 1927.

In March, 1914, the total share capital and reserves stood at 37.2 per cent. of the working capital, by the end of 1927 only at 9.4 per cent. In the interests of agriculture the Prussian Bank found it necessary to borrow from the Renten Bank, the Renten Bank (Agricultural) Credit Institution, from the national and State funds, the State banks and other public bodies, and from the Reichsbank (by rediscount), reaching in all a total of 580 millions at the end of 1924 and 720 millions at the end of 1927—that is, 81.9 per cent. and 75 per cent. respectively of the working capital. The rest is constituted, apart from sums

derived from the money market, by clients' deposits, which after the war only originated to a very small extent with the agricultural co-operatives, many more coming from public credit institutions such as provincial funds, savings banks, etc., as well as consumers' societies whose funds thus passed indirectly to agriculture through the Prussian Bank. These deposits, which in March, 1914, constituted 41·5 per cent. of the working capital, by the end of 1927 only amounted to 6·6 per cent. Truly a token of altered circumstances.

Of the credit thus made available, at least three-quarters went to the agricultural co-operatives. In 1913-14 credit amounting to 117·2 millions was distributed in this way; at the beginning of 1924 the figure had fallen to 35·2 millions, only to leap suddenly to 614·7 by the end of the year. The highest point was reached in the middle of October, 1925, with a figure of 940·1 millions; after which the demand fell off somewhat, and at the end of September, 1928, the credits granted had been reduced to 755·4 millions. In peace time these credits were only taken up to the extent of 57·8 per cent., after the war almost fully, and at the end of 1927 they were even seriously overdrawn. In consequence a reorganisation of the Prussian Bank and a change in the management were carried out. Since then a strict control on loans has been instituted through a special auditing office which also tests the uses to which loans are to be put. The Prussian State raised its share contribution to 175 millions in order that more money should be put at the disposal of agriculture. The emergency programme of the Reich Government also, together with the debt refunding undertaken with the help of foreign capital by the Renten Bank Credit Institution, has put new and large funds at the disposal of agriculture, in order to facilitate the conversion of personal liabilities into long-term loans. The provision of mortgage credit may not lead to an

immediate repayment of the personal loans provided by the co-operatives, but their fresh undertakings will be on a more modest scale, and this will permit of the rebuilding of their share capital. Up till now they have drawn on their union banks, which, as already explained, have drawn funds from above. In peace time they acted rather as clearing houses. In the Reichsverband there are twenty-five such unions or central banks; in the Generalverband there is the Raiffeisen Bank and its branches. In addition, there are affiliated to the two great unions a few other banks, all but one in the form of limited companies whose purpose is to bring non-co-operative agriculture, principally the great landowners, into the same financial system.

The Union Banks, like the Prussian Bank, have very greatly extended their business since the war. If we follow a new publication\* and make the figures for pre- and post-war periods comparable, we get the following picture of the Union Banks: share capital and capital of the Reichsverband Unions at the end of 1913, 34.2 millions; at the end of 1927, 83.9 millions; showing the effort made to increase share capital and reserves. This share capital, even before the war, however, only formed 10.3 per cent. of their working capital. The deposits of the co-operatives in the Union Banks stood at the end of 1913 at 238.6 millions, at the end of 1927 at 196 millions. Undoubtedly this remarkable recovery of deposits, for which the thrift of non-agricultural members of the rural co-operatives is principally to be thanked, is a proof of how valuable the professional element is and how justified is the anxiety of the agricultural co-operatives lest the institution of post-office savings banks, of which there is once more talk, should cut off these deposits.

\* Rossberg, *Der Anteil der Genossenschaften am Neuaufbau des Agrarkredites*, Berlin, 1929.

The total of external funds, including bank credits, mainly from the Prussian Bank, stood in 1913 at 13 millions, at the end of 1920 at 21 millions, at the end of 1927 at 13.6 millions. Their proportion to working capital stood at 13.8 per cent. in 1913, and at 63.6 per cent. at the end of 1927.

The share capital of the Raiffeisen Bank, which is a limited company, stood at 11.8 millions in 1913, and since 1924 at 25.3 millions. The deposits of the co-operatives stood at 82.7 millions in 1913, and 45.5 millions at the end of 1927—that is, 69.5 per cent. and 12.4 per cent. respectively of the working capital. Corresponding to this, the proportion of borrowed capital rose from 21 millions at the end of 1913 to 290.7 millions—that is, to nearly 80 per cent. of the working capital. The loans of the Union Banks of the Reichsverband stood at 266.6 millions at the end of 1913 and at 751 millions at the end of 1927. Those of the Raiffeisen Bank stood at 100 and 388.8 millions respectively. Thus the money lent by the savings and loan banks and the other agricultural co-operatives to their members has been derived in the post-war period for the greater part from bank credits, while before the war they for the most part provided for their cash requirements out of their own surplus passing through their central banks.

Further, the actual total of loans of all credit organisations was less than before the war. The addition of the credits branches of the two great unions gives the following totals: 2,092 millions at the end of 1913; 893 millions at the end of 1924; 1,928 millions at the end of 1927. In these figures not only the rapid rise is noteworthy, but also the composition of them. Before the war the funds were derived to an overwhelming degree from the savings and loan banks; what was lacking was supplied by the Union Banks from their own funds or from capital entrusted to them, and the Prussian Bank contributed little. Since the

war the greater part of the capital has come from the Prussian Bank, although the accumulation of capital in the village banks themselves has happily progressed so far that in 1927 they could once more make as many loans out of this capital as in 1913. According to another method of computation, the savings and current account deposits in the savings and loan banks affiliated to the two great unions stood in 1913 at a total of 2,410 millions, at the end of 1924 at 159 millions, and at the end of 1928 at 1,372 millions. Fortunately the savings deposits greatly exceed the current accounts, as in the pre-war period, whose conditions are thus in a measure restored.

#### CO-OPERATIVE TRADING

The trade of the two great unions is conducted through their warehouse establishments, of which there is one for each auditing union. The Reichsverband has twenty-four and the Generalverband sixteen. They are, for the most part, organised in the form of co-operatives whose members are co-operative societies and savings and loan banks. In the case of the Generalverband, a section of the warehouse establishments are organised in the form of limited or joint stock companies. After the war they became, much more than formerly, dependent on bank credits for their working capital, and had difficulty in meeting and collecting their outstanding debts.

Statistics are not very reliable, since the business year of different warehouse establishments, or Head Co-operatives (as they are called in the Reichsverband), begins at different dates; the following figures do not relate exclusively to the calendar year 1927, but in part to financial years beginning in 1926. If the figures are regarded comparatively, the following results are obtained:

## TOTAL TURNOVER.

	<i>Ctr.*</i>	<i>Rentenmarks.</i>	<i>Requirements (Ctr.).</i>	<i>Sales (Ctr.).</i>
Reichsverband ..	103·8 mil.	551·8 mil.	86·36 mil.	17·41 mil.
Generalsverband ..	46·1 mil.	263·5 mil.	35·95 mil.	9·26 mil.

The large turnovers do not of course by any means represent the total turnover of peasant economy. Supplies include manures, feeding-stuffs, seeds, seed corn, coal, oil, lubricants, machines; the sales are principally grain and potatoes. Sales, as may be seen, lag far behind. A proportion of the communal supply of machinery also takes place through the chambers of agriculture.

For purposes of joint supply the warehouse establishments of the individual unions have united to form central purchasing offices, which are partially linked with other agricultural purchasing centres and with the central purchasing offices of the great landowners.

Co-operative sales, as before mentioned, also take place through other co-operative societies which in the present inadequate statistics are not always indicated as marketing societies, and whose produce does not always pass through the warehouse organisations. For instance, the dairy societies undertake a certain amount of egg-selling, in addition to their principal business in milk, butter, and cheese. There are also a number of fruit, vegetable, and, above all, cattle societies, whose results, however, are very difficult to compare. It appears, however, that in some of the big fat-stock yards a quarter or more of the cattle supply comes from co-operative cattle societies. A permanent influence on prices and trade conditions can, of course, only be exercised when the selling societies can rely on their

\* 1 ctr. (zentner) = 50 kg. or (approximately) 1 cwt.

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members entrusting their cattle to them for sale at all times and under all circumstances. This point has not yet been reached.

The dairy co-operatives, which must be regarded in the first place as marketing societies, play a great part. Unfortunately, there is a paucity of information about them. Out of 2,809 dairies affiliated to the Reichsverband in 1926, only 76.5 per cent. sent in reports. Of those affiliated to the Generalverband, so few reported that comparison is practically impossible. On an average the members of dairies affiliated in the Reichsverband have four cows apiece. It is thus overwhelmingly an affair of small businesses. Each dairy has on an average 117 members; 98 in the case of the Raiffeisen Union. Each dairy receives on an average 1.22 million litres of milk; in the Raiffeisen Union, 1.14. Most of the milk is made into butter, the rest sold fresh, only a small proportion made into cheese. A few co-operatives also buy butter from non-members. The average capital of a society amounted before the war to 123 marks per member, and in 1926 to 92 R.M. The average trading resources per society were 10,761 R.M. The trading resources by no means covered liabilities.

### OTHER CO-OPERATIVE ACTIVITIES

There are also a large number of varied co-operative undertakings, amongst which, as before said, the electricity societies play an important part. There is not space here to go into the particulars of all the types of co-operation. Let it merely be recorded that both the co-operative unions have instituted their own life and fire insurance organisations, which, however, are only at the beginning of their activity. Until their creation the co-operative unions had been affiliated to insurance companies which served their members at preferential rates. The most important work of the unions lies in co-operative auditing, legal

advice, and educational work, both in connection with the technique of agriculture and with propaganda for the spread of co-operation.

### REORGANISATION

The reorganisation already referred to is being preceded by a unification of the co-operative movement which has already been initiated. For this there are two reasons. First, the necessities of agriculture in the last few years, which even in Germany have caused anxiety as to marketing, have forced the co-operatives to take it up. For this a much closer organisation is required and an elimination of overlapping co-operative unions. The two great unions have also at last arrived at an understanding which will permit of joint work. The move towards unification, however, is old. It has appeared less remote since all co-operatives have worked with the Prussian Bank. But unification could not come all at once, for not only were the central offices jealous of their independence, but also the *esprit de corps* of the old unions persisted. The pressure towards unity could only be strong when, through some financial misfortune, the resistance of the central offices had been weakened. At the present moment this is the case to a quite exceptional degree.

For several years the Raiffeisen Bank has been in difficulties, and has only been supported through them by the Prussian Bank. But it appears that the losses are greater than was thought. At the period of inflation, when all good business principles went to the winds, money was recklessly loaned to non-co-operative undertakings, and the losses are more than twice the share capital. The Prussian Bank, which is involved everywhere, has also had to regulate the affairs of one or two union banks of the Reichsverband, and notably the minor co-operative union of the Reichslandbund, behind which stand powerful political influences. Through



this the Prussian Bank itself was led into difficulties; a change in the management took place, and the State had to raise the share capital of the bank considerably. The Prussian Bank, now become still more influential in conjunction with the Reich Government, which has worked out a great emergency programme for agriculture, is now pressing for unification—or, as it is also called, rationalisation—of agricultural co-operation; these efforts have been so far successful that the Raiffeisen Bank and the co-operative section of the Reichslandbund are already in liquidation, and the Generalverband and the small co-operative union of the Reichslandbund have affiliated to the Reichsverband.

This junction of forces will be completed in a year or two, the Prussian Bank and the Government, as has been said, standing by with credit and support. The new united union, which will include some 90 per cent. of the German agricultural co-operatives, will then be able to turn its attention energetically to marketing. A few decisive steps have already been taken as regards butter and egg marketing. The standardisation of agricultural produce is an important preliminary of unified marketing, but one which demands some years of transition. A higher protective tariff would help the peasant in this respect as a means of education.

Thus the German co-operative movement is confronted with a decisive change, perhaps a second epoch in its history. Needless to say, the anticipated changes, even if their outcome cannot be foreseen, will be of the greatest importance, not only for German commercial and agrarian policy, but for the living conditions of the German people.

## FRANCE: SYNDICATES AND CO-OPERATIVES

BY

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THE history of agricultural co-operation in France is instructive, as it contravenes the theory of the liberal economic school, which refuses to recognise any efficacy in State aid. It shows, on the contrary, how, in a milieu hostile to the co-operative idea, and where private initiative would probably have remained impotent, the persevering work of the State has brought into being a flourishing co-operative movement which, although inferior to that of Germany, Denmark, or even to that of Italy and the Baltic countries, is nevertheless by no means negligible.

However, there are certain types of agricultural associations in France which sprang up spontaneously, and have prospered without State aid; but this is because their co-operative character was reduced to a minimum. Such are the *Agricultural Syndicates* and the *Agricultural Benefit Societies*. We shall deal first with these two kinds of associations.

### I.—AGRICULTURAL SYNDICATES

These, as their name indicates, are occupational associations. From the very outset, and according to their legal definition, these syndicates had no co-operative character—*i.e.*, they had no right either to buy or sell anything; they were merely leagues to defend the interests of agriculturists. It was only gradually, by a deviation from their legal character, that they became co-operative societies, and bought agricultural goods for their

members. This breaking away was at first regarded as a usurpation and gave rise to numerous lawsuits, and it was only recently sanctioned by law, in 1920. However, according to this law, their economic function is limited to the purchase of agricultural requirements; they may not undertake purchase and sale of goods for consumption properly so called—*i.e.*, destined for household purposes, which operation should be the province of the consumers' societies.\*

But, of course, any syndicate may create a consumers' society as an annex, which may be composed of the same individuals.

Agricultural syndicates have increased rapidly; today there are more than 9,000, with 1,200,000 members.† They have formed powerful Regional Federations, and one National, and the total sum of their activities reaches a very high figure.

The syndicates have rendered very great services to French agriculture: they have put an end to the scandalous frauds in the supply of chemical fertilisers; they have taught the use of new methods and machinery, the knowledge and propagation of seeds, plants, and particularly American vines, which are proof against phylloxera. They have proved themselves veritable schools of agriculture, by means of practical instruction.

At the same time, the enthusiastic eulogies which they receive in French agricultural circles seem to us somewhat exaggerated. For instance, Baudrillard, an economist, described them as "the most remarkable fact of the nineteenth century"; the Count de Chambrun (founder of the Musée Social in Paris) called them "the *chef-d'œuvre* of sociology"; and one of their old leaders,

\* The reason of this prohibition is that syndicates, being uncapitalised, are unable to offer to the third party the guarantees required by law.

† Before the war, in 1913, the figure was 6,000, with a little under 1,000,000 members.

Georges Maurin, envisaged "the very soul of rural France and its future intellectuality being worked out in our agricultural syndicates."\*

As a matter of fact, their success is explained chiefly by the fact that in this form of association not only is solidarity quite absent, but co-operation itself is reduced to a minimum. It did not in any way disturb the individualist temperament of the French peasant. The act of association consists merely of paying a small contribution of a few francs and giving orders, mostly by letter, to the head of the syndicate. No shares to take up, no dividends to be distributed, no responsibility in the management; each member acts entirely independently, as if he were alone. The function of the syndicate is limited to collecting orders sent to it individually, and to despatching the various goods to each member.

The heads of the agricultural syndicates belong almost exclusively to the Conservative Party, and they were in hope that these associations would be a peace-making medium between the labouring class and the employers. This was a vain hope, because rural labouring folk have no interest in belonging to the syndicates; they own no land, and therefore do not need the fertilisers or the implements which the syndicates supply. These agricultural syndicates are really associations of employers, with this difference, however, that many of the members are smallholders who do not employ labour.

The agricultural labourers, on the other hand, are trying to set up rural workers' syndicates properly so called, in opposition to the agricultural syndicates, and the socialists support them

\* These expressions of appreciation, which are about thirty years old, were reproduced, not without some touches of humour, in a report presented to the Board of Agriculture for Scotland, by H. M. Conacher and W. R. Scott, 1920.

in this with all their might. Such rural workers' syndicates are, however, very few in number; they only exist among labourers specialised in vine culture, and among woodcutters in the forests. The fact is, rural life, with its widely scattered labourers, is but ill-fitted for syndical organisation, as compared with the working population in towns, who live concentrated in or around their factories.

## II.—AGRICULTURAL BENEFIT SOCIETIES

Of all co-operative forms in France, the societies for insurance against agricultural risks are the most numerous. There are more than 10,000 of them, of which the largest majority are for livestock insurance against disease, the others against fire, and a few against hail. The reason of their success has already been suggested in the case of the agricultural syndicates—namely, because they demand so little sacrifice or initiative from individuals, and take up very little time in their lives; a premium to be paid, nothing more, while, on the other hand, the advantages in bad times are very real to property owners.

Here are we on the border-line between co-operation and self-help; for what difference is there between a Co-operative Livestock Insurance and a Society for Mutual Benefit? None, except that one applies to animals and the other to human beings.

## III.—CREDIT: RURAL BANKS

Now we come to forms of agricultural association which are genuinely co-operative—namely, *Credit Societies* (or Rural Banks) and *Productive Societies*.

The first of these forms of association, inaugurated in the middle of last century by Raiffeisen, holds by far the most important place in the world, and it may be said to have done

the greatest service, in that it has liberated tens of millions of men from the age-old evil of usury.

In France, however, as in England, this type of society has had the utmost difficulty in taking root; even yet it is only to be found under a somewhat irregular form. This may be explained in two ways:

(1) Because of all the rural populations in the world, perhaps those of France and Great Britain have suffered least from usury. The French peasant, as a rule, does not need to borrow, because he is in easy circumstances, and when he does require a loan he goes to the notary, who in former times used to be the peasants' banker in rural France.

(2) Also because the French peasant dislikes letting his neighbours—often even the members of his own family—know his private business. It would be as scandalous to speak to a French peasant of his money as to mention his wife to a Mussulman! When he is forced to have recourse to the notary, as I have remarked, he does so secretly! This characteristic habit is so strictly true that village notaries who wish to keep their clients must be careful not to live in a very public place. Under these circumstances we can readily understand that the French peasant does not approve of credit associations; also he has a horror of the rule of solidarity which makes each man responsible for his neighbour's debts!

However, it is a noteworthy fact that this principle of joint responsibility was accepted in certain districts, where religious feeling and the authority of the priest were still preserved. Towards the end of last century, thanks to a lawyer from Lyons named Durand, Federations of Christian Credit Co-operatives were formed on the principle of unlimited liability;\* there are

\* The rule of joint responsibility for debts is an almost literal application of the Gospel: "Bear ye one another's burdens" (St. Paul, Gal. vi. 2).

some hundreds of these, but they are very small bodies; the headquarters of their federation is now in Nantes.

But this movement remained an isolated one, and the mass of the rural population, even though already organised in the framework of the agricultural syndicates described above, refused to accept the principle of joint responsibility for loans. Now, groups of farmers who neither offer the guarantee of a mortgage nor of joint liability, would not be able to raise capital. This is where the State intervenes, saying: "I will lend to you at a low rate of interest, without demanding a guarantee, on condition that you form a society and that the members of such society already belong to an agricultural syndicate." These loans will not be granted individually, but will be distributed by the organisations called Regional Banks, which, being located in circumscribed areas, will be better able to control the use of the borrowed funds and to see after their repayment.

But whence does the State obtain these funds? From the Budget? No. Taxation must not be used to the advantage of one particular class of the nation. The State procured it from the Bank of France: first, 40,000,000 francs (£1,600,000) as a redeemable loan, and later under the form of participation in the bank profits. This participation, quite modest at the outset, was increased progressively, both by means of raising the rate of shares and by the increase of the bank's turnover (chiefly due to the devalorisation of the franc), until today it has reached 100,000,000 francs per year (£806,451).<sup>\*</sup> The total sum placed at the disposition of the co-operatives today exceeds 1 milliard francs (£8,000,000).

<sup>\*</sup> A recent law of December 19, 1926, decreed that the State should claim for the Treasury half of any sum exceeding 115,000,000 francs (£927,354). But the credit co-operatives protested against demanding its abrogation.

These credits are not distributed indiscriminately among all the borrowers, but in proportion to the use to which the loan is to be put.\*

For this purpose the law recognises three kinds of loans:

(a) *Short Term*.—The use for which the loan is made does not call for a long delay, not more than a year—for example, loans to a farmer while he is waiting for an opportune time to sell his crop, which relieves him from the stranglehold of the buyers; or perhaps for the purchase of fertilisers.

(b) *Medium Term*.—Calling for investment of capital for a fairly long time, such as the purchase of livestock, implements, plantation of vines, improvement of land, etc. In any case, the term does not exceed ten years.

(c) *Long Term*.—For capital to be invested for a long period (twenty-five years at most), such as for building contracts, for irrigation or electrification works, and, above all, for the acquisition of farms.

It is to this last object that the law attaches the highest importance, and for which it is willing to make the greatest financial sacrifices, as we have just said. It is the same problem which prompted the Small Holdings Act in England, as well as the agrarian legislation which has transformed all the States of Eastern Europe since the war.

But, in my opinion, this method of loan leads us away from

\* Distributions of loans by the State:

							<i>Francs.</i>
Short-term loans	..	..	..	..	..	..	27,500,000
Medium-term loans	..	..	..	..	..	..	268,360,000
Long-term loans, individual	..	..	..	..	..	..	485,672,000
Long-term loans, collective ( <i>i.e.</i> , for the communes, generally for electrification)	..	..	..	..	..	..	230,925,000
Total to December 31, 1928	..	..	..	..	..	..	1,012,457,000 (about £8,971,427)



co-operation. I do not deny the efficacy of small landownership towards the maintenance of social order, even of political order, and even in satisfying one of the keenest desires of mankind; but from the co-operative point of view I cannot say so much, because the smallholding, peasant landownership, is, as we have seen, the quintessence of individualism, and constitutes a medium most unfavourable to co-operation.\*

In the distribution of funds, the National Credit Bank is obliged by law to conform to a certain percentage, and the greater part is reserved for long-term loans. The legislature believes, and rightly so, that credit societies would have great difficulty in finding funds for long fixed terms, while for short-term loans it would be quite simple to procure them from their own funds. And the policy of the State, or rather, the National Credit Bank, is, where short-term loans are concerned, to restrict the State advances more and more, in order to oblige the co-operatives to be self-sufficient. The rate of interest, too, varies according to the nature of the loans, and may be as low as 2 per cent. for those on long term.

As regards medium and long term loans, the State found that the large sum of 1 milliard francs (£8,000,000)—supplied, as we have remarked, by the sharing in the profits of the Bank of France—was insufficient, and recently it has added thereto a credit of 500 millions (£4,000,000) for medium terms, and another 250 millions for long-term loans. These funds will not be charged on the budget—*i.e.*, payable by the taxpayer, but will be lent by some independent public banks with considerable capital at their disposal—*e.g.*, the National Savings Bank, National Superannuation Fund, the Sinking Fund, etc.

Thanks to these State efforts, the results obtained are not negligible; there are 5,730 local credit societies grouped around

\* And also to the birth-rate; but this is another question.

about 100 Regional Banks, comprising 382,000 members; which is, however, a very small proportion of the rural population.

The results, from the point of view of agricultural progress, are not very apparent; but, in so far as the creation of small-holdings is concerned, they are fairly conspicuous, more than 45,000 small farms having sprung into existence. It should be noted that there are special concessions to ex-soldiers; they can obtain loans at the smallest interest, and even, in the case of their having a family, for nothing.

A small proportion of the capital accruing from the share in the profits of the Bank of France is reserved for *Co-operative Societies for Agricultural Production*, to which we shall now refer.

#### IV.—PRODUCTIVE SOCIETIES

*The Agricultural Productive Societies* seem to us to be the most important of all forms of agricultural co-operation, and those which have the greatest future in store. But, like the workers' productive societies, they cannot succeed except under conditions that are rarely fulfilled. Nevertheless, their development has already exceeded that of the workers' productive co-operatives. France was the birthplace of workers' productive societies in 1848; its agricultural co-operative production has been a more recent and slower development. This may be because the former type was created by workers intoxicated by the desire for the emancipation of the wage-earner, while the agricultural type could only be formed by farmers entirely unconcerned with such ambition, and even somewhat opposed to association. Therefore, State aid was absolutely indispensable to agricultural co-operatives (as with credit societies), and the Bank of France has, willy-nilly, to furnish them with the necessary subsidies. Such subsidies, however, are not made without certain reservations:

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(1) All the members of the association must belong to an agricultural syndicate; this is to ensure that they are all genuine agriculturists.

(2) They must all show their goodwill by a certain effort; that is, they must have themselves contributed to the formation of a certain fund, at least one-third of the capital necessary for the undertaking. The State supplies the remainder.

(3) The association must be genuinely co-operative and non-capitalistic, and its rules must exclude all share in the profits; they may, however, give members interest on share capital subscribed.

(4) The association, lastly, must be democratic, so as not to fall into the hands of a few rich landowners; this is why the Rochdale rule is included in the statutes—"One man, one vote in the meetings," no matter how much he may have subscribed.

According to 1927 statistics, the number of agricultural co-operative productive societies which fulfil these conditions, and as such benefit by State advances, is as follows:

Societies for wine-making and distilleries .. .. .	580
Creameries for butter-making .. .. .	530
Threshing societies (or for the use of agricultural implements, tractors, reapers, etc.) .. .. .	766
Electrification societies .. .. .	50
Miscellaneous societies (sale of fruits, seed selection, oil presses, etc.) .. .. .	382
<b>Total .. .. .</b>	<b>2,308</b>

The total membership is 308,000, and the amount of State advances was 243 million francs (£1,959,677). The same statistics for 1923 give the number of societies as 1,125, so that in the short space of four years the number has been more than doubled.

Before the war the number was exceedingly small.\* Moreover, these statistics do not embrace all agricultural co-operatives, but only, as we said before, those in receipt of State aid, which are undoubtedly the most important. However, there are others, and even if we reckon only those founded before 1897 (when the State advances were first made) there are certainly more than 3,000, quite a respectable figure, and not inferior to that of other countries.

It is in the domain of creamery societies that France has made least progress, lagging far behind Germany, Sweden, Denmark, and Finland. There are only two important centres, one in the West in the Departments of the Charentes, and the other in the East, in Lorraine. But in many other parts of France—which seem peculiarly endowed by nature for cattle-breeding and the production of milk and butter, such as the pastures of Normandy and Brittany and the highlands and the central plateau of the country—agricultural co-operation has not been able to overcome the ordinary peasant routine. And that it has taken root in the Charentes is due to a “fortunate calamity”—*i.e.*, the invasion of phylloxera in 1880, which destroyed all the richest vineyards in both Provinces. A peasant named Birot had the bright idea—and here individual initiative forestalled State intervention—to replace wine production by that of milk, and he started the first creamery in Lorraine, a country bordering upon Germany. There is no doubt that it was the example of the co-operatives beyond the Rhine which stimulated the movement.

As regards co-operative wine production, one would naturally

\* Except the co-operative cheese production societies, called *fruitières*, which are of very ancient origin and can be traced back to the Middle Ages, and of which there were a fairly considerable number. They have, however, decreased in number, for, through some singular retrogression, they have now lapsed into the form of individual enterprise.

think that France, being the largest wine-growing country in the world and the land of fine wines, would have outstripped every other country. Quite the contrary, however, for Germany has left her behind since 1869; Italy, and even Austria, are ahead of her. It was not until 1906 that the first wine growers' co-operative was started in the village of Maraussion in the Department of l'Hérault, when several wine manufacturers joined in its formation. Just as with the co-operative creameries, wine co-operatives owe their existence to a public disaster—a crisis in the wine trade. There was a severe slump in prices, lasting from 1902 to 1910, in the South of France, when wine was sold at less than 5 francs the hectolitre (4s. per 100 litres). It was then that the socialist spirit of the wine growers of this district—an extremely rare trait among landowners\*—turned their thoughts to co-operation. This chain of circumstances might have been ineffective, had not the State intervened to complete it. The State loaned 139,000 francs (roughly £5,500); a few consumers' co-operatives, in a spirit of solidarity, lent 300,000 francs (about £12,000) and promised their custom. The construction of the cellar, which cost 175,000 francs (£7,000), was thus almost entirely paid.

From that period co-operative wine societies sprang up in all the wine-growing Departments of France. In our opinion, this multiplication is a serious menace to French wine culture, because it threatens a crisis of over-production which even now is only too disquieting, for the following reasons: Up to this time, the smallholder who wanted to turn his fields into vineyards was restrained by the thought of the heavy expenses incidental to the building and management of a wine-cellar—expenses much greater than for the planting of his vines. But from now onwards

\* A few months ago there was a new proof of this spirit, when they elected M. Blum, leader of the Socialist Party, as their deputy. This election caused quite a sensation.

this obstacle exists no more; the peasant is free from the responsibility of building the wine-cellar, for the State undertakes to do this, and the peasant has only to pay a modest subscription towards the outlay. Why shouldn't he try his luck, because he knows that a single good grape year will bring him in more than the value of all his land? And this is why, as we have ourselves seen, that where a co-operative wine factory was built, all other crops were abandoned in order to give place to the vine.

*Electrification*, on the contrary, is a means of progress which has no such drawbacks; it transforms rural life, bringing both light and motive power. We know that Lenin made the electrification of Russia one of the principal conditions of its socialisation. Therefore, it is somewhat surprising to find only 50 electricity co-operatives in the table shown above. As a matter of fact, there are actually 17,000, only they are not classed under *co operative*, but under *municipal* undertakings; here it is not a question of co-operative societies, but of communes. They are officially styled "societies of collective agricultural interest"—a rather unintelligible title for the uninitiated. They function under special legislation and benefit by loans specially earmarked for them—143 million francs (about £1,162,096) according to the latest information (1927).

Although the forms of agricultural co-operation enumerated in the foregoing table are very diverse, still there are many gaps; I mean there are many other forms of associations existing in other countries which are as yet unknown in France. Let us take a few, for to get a comprehensive idea of any institution we must know not only its good points, but also its shortcomings.

The agricultural associations which aim simply at the sale of primary produce, without any industrial processing, called Marketing Societies—associations in the United States and Australia which have been so successful in some places that they

are compulsory for all the growers of the same district—are very little known in France. There are only a few for the sale of wine, and there are a few more for the sale of flowers on the Mediterranean Coast. How can such indifference be explained? I believe the reason is the conceit of the farmer, which makes him think that his products and his land are far superior to those of his neighbour, and who is therefore opposed to the price equality which co-operative sale involves. Anyone who has had dealings with agriculturists is familiar with the pride with which the owner will get him to taste his wine or his fruit, asserting that there is none so good elsewhere.

However, this feeling, praiseworthy in other respects, does not seem to be an obstacle to the collective sale of produce which is by nature homogeneous, such as wheat or milk; and yet, even for such produce there are scarcely any sale societies in France. I think the only possible reason for this is a psychological one, as already mentioned, founded on the pride of ownership—namely, that to a French peasant the sale of his produce is one of the chief prerogatives of landowning, which he is unwilling to give up for the benefit of a collective organisation. To receive a visit from the buyers, show them his produce, haggle with them over the price, and have the satisfaction (or, at least, the illusion) that he has had the best of the bargain—this is one of the keenest pleasures of private ownership. The American or the Australian farmers, being *business men*, do not appreciate these things in the same degree.

Continuing our enumeration: There are *Livestock Breeding Societies*, which have been so successful in Switzerland (I know of none in France); *Poultry and Egg Selling Societies*, which have made Denmark's fortune; *Irrigation Societies*, which are a very ancient institution in Spain.

*General Agricultural Societies—i.e., in which association is not*

limited to specific operations, such as butter or milk production, but embrace all sorts of agricultural activities. There are many such in Italy (under the name of *Affitenze Colletive*), in Russia, where the Soviet Government is making great but somewhat unsuccessful efforts to increase the number, and among the Jewish colonies in Palestine, created by the Zionist Organization.

In France, however, this form of co-operation savours too much of Communism. The idea of pooling his lands, horses, cattle, and implements in common, even though it be for a better utilisation of them, is abhorrent to the French peasant. However, there are two or three associations of market-gardeners in the outskirts of Paris actually practising vegetable culture in common. Further, the cruel exigencies of the war brought some agricultural societies into being, under two special circumstances. Some were created for the cultivation of lands left fallow by their owners, perhaps because they were mobilised into the army, or because they were short of hands or capital to farm them. These associations were fostered and subsidised by the State; several of them were grouped in one large undertaking in the Department of Haute-Garonne. But they did not survive the war, and most of the Government loans were never repaid. The other type of society was created after the war for the reconstruction of devastated areas, in places where the destruction was so complete that even the old boundaries could not be traced. These societies, too, had an ephemeral existence, and were dissolved as soon as the owners were able themselves to carry on the work of their farms.

As for *Forestry Co-operatives*, so notably successful in Bulgaria, these are entirely unknown in France, although, with the existing woodcutters' syndicates, the forming of such societies would have only meant one step further.

Finally, though this is outside the domain of agricultural co-operation, we must remark on the absence of *Fishermen's*



*Societies*, which have been so successful in Italy and in Spain. Some tentative efforts in France were complete failures. However, one has recently been formed on the West Coast of France at St. Pierre d'Oléron; we hope it will be the pioneer of this new form of co-operation in this country. The cause of their failure has hitherto been the fishermen's inability to dispense with the fish merchants, nor could they find the means of selling their haul directly in the big towns.

This is where intervention on the part of the municipalities might be very valuable.

One of the big problems in France is the establishing of relations between producers' and consumers' co-operatives; it is now more than forty years since some attempts toward this object were made, with little success. At first sight there seems to be an irreducible antagonism between the two movements. Each, of course, has the same grievance; the agricultural producer complains that he does not receive a fair price for his products, while the consumer has to pay exorbitantly for them; the enormous margin between the two is absorbed by the middleman. Thus, in order to establish direct relations between producer and consumer, the middleman must be eliminated. But here the discord begins, because both producer and consumer claim this margin, the first by the increase of profit, the second by the reduction of retail prices.

Some suggest compromise. Split the difference, they say—that is, fix the price by mutual agreement, so that it will give the producer a decided increase in his sale price, and the buyer an equal saving in his purchase price. This agreement has been realised in certain cases, notably in Lorraine, between the co-operative creameries and a large consumers' co-operative called the Consumer's League of Lorraine. But this is an exception.

Generally an agreement has been impossible to arrive at, in spite of the annual expressions of friendship renewed at each Congress both movements.

However, it is not merely the question of price which separates the agricultural from the consumers' co-operatives; there are also inherent incompatibilities. The first, being composed of farmers and landowners, are, for the most part, nationalist, protectionist, and conservative; the others, comprising chiefly town workers and employees, are nearly all socialist and internationalist. This leads to endless difficulties. Recently, for instance, when the farmers got the tax on cereals raised to 50 francs (in pre-war times it was 7 francs), some of the consumers' co-operatives issued a protest.

However, hopes of a mutual agreement have not been abandoned. A committee composed of representatives of both movements was recently formed, and a Bill is coming before the legislature, with a view to turning this committee into an official and permanent institution, to act as intermediary, and in case of disputes, to arbitrate between these two important branches of co-operation.

But the present time is not propitious, because agriculture is in a flourishing condition. As long as the peasants are selling their produce well, they do not feel any need of association, nor have they to look for buyers. This does not mean, however, that we are wishing for some economic crisis (such as the two cases already cited) in order to realise our programme; but we are fain to admit that it is principally during hard times associations for solidarity spring up and flourish. It may be that, because of her prosperity, "la belle France," as she is called in England, has allowed herself to be outdistanced on the path of agricultural co-operation.

## RUMANIA: THE STATE AS CO-OPERATOR

RUMANIA presents an unusually instructive example of an attempt by the State, on the one hand, to make a co-operative movement advance and expand much more rapidly than its own vitality would warrant ; and, on the other, to load it with a number of tasks but slightly connected with its proper functions and of a character usually carried out by Government departments. To some extent this policy has been forced upon the Rumanian Government, or has at least presented itself as a severe temptation. The country is essentially agricultural—out of a population of 17½ millions, 85 per cent. work on the land and 80 per cent. are occupied primarily with arable cultivation—and the people largely illiterate, economically feeble, little used to self-help or self-government. In addition to a troubled political history, it has passed through a staggering economic revolution only to find its convalescent agricultural industry exposed to all the depressing influences of the world wheat-market and the post-war economic situation in general.

The history of co-operation is complicated by the fact that the State as it exists today is a composite structure, including numerous nationalities and various territories, detached from other political groups to form the present kingdom, each differing to some extent in natural conditions and economic history. Its nucleus is formed by the " Old Kingdom," the Turkish Provinces which were united under the name of Rumania in 1861 and achieved complete independence some years later, and it is on them that the principal efforts of paternalism have been expended.

The Old Kingdom has been from the beginning of modern history in the hands of great landlords, the majority of them native nobility, with peasants in a state of serfdom, subject to *corvées*, and with rights limited to the produce of a small parcel of land cultivated by each family and frequently inadequate to its support. Certain limited reforms were introduced by the Turkish Government in the eighteenth century, enabling serfs to buy their freedom, and in the first years of native government more extensive reforms were instituted, by which serfdom was abolished, the *corvée* remitted, and the peasants enabled to buy their own holdings. But the old conditions were partially reimposed under the form of various obligations binding the peasants to the soil, and exacting what was virtually forced labour, while peasant misery was increased by the ploughing of pasture. The peasant rising in 1907 once more called attention to the unsatisfactory state of affairs, and a fresh land reform was passed in the following year. A rural bank was established to facilitate the transference of land, and by this and other agencies a strictly limited measure of progress was accomplished, though at the outbreak of war very much still remained to be done. In 1917 the Government once more turned its attention to land reform, prompted as much by the immediate danger of revolution as by the chronic distress of the peasantry, and in 1918 a comprehensive measure of reform was passed, supplemented by a further law in 1921. In the meantime, the population of Rumañaia had been more than doubled by the annexation of Bessarabia (from the former Russian Empire), Bucovina (from Austrian Galicia), and Transylvania (from Hungary). There obtained over the greater part of these territories technical and economic conditions distinctly more advanced than those in the Old Kingdom.

Before the reform of 1908, 50 per cent. of the land of the Old

Kingdom was held by less than 1 per cent. of the owners, and 40 per cent. by 95 per cent. of the owners, most of their holdings being extremely small, frequently too small for the support of a family. (Certain communal pastures existed, instituted to check the tendency of both landlords and peasants to plough grasslands.) Properties under 10 hectares accounted for 41 per cent. of the total area, those from 10 to 100 acres for 11 per cent., and those over 100 hectares for 48 per cent. By 1918 some slight transferences had taken place between the last group and the first, the situation of the "middle peasants" remaining unchanged. In Bessarabia the situation was similar; in Transylvania, though the small peasants were also numerous and equally ill provided with land, a much more considerable class of middle peasants existed holding not far short of a third of the agricultural land. In Bucovina peasant proprietorship was already greatly in the ascendant. By the land reform, all public land, including the extensive Crown domains, and all land belonging to foreigners or absentees, was nationalised, together with a proportion of all estates over 100 hectares, the largest private estate permitted being 200 (raised in the Old Kingdom to 250) hectares, or in exceptional cases, 500 hectares. Compensation was assigned to former owners, the scale being not unreasonable, but the actual sums being rendered nugatory by the fall in the value of the lei. The work of reallotting land was of considerable difficulty owing to the disorganisation of war (large areas had actually been in enemy occupation), the lack of administrative machinery, and the fact that much of the land was not even surveyed. Peasants were allowed to enter provisionally into the possession of land either individually (in some instances possibly merely the recognition of a *fait accompli*), or through the agency of co-operative farming societies, but the legal distribution was prolonged over a number of years. Judicial commissions were appointed, a Central Bank for Co-operation

and the Distribution of Land was set up, by a modification of existing co-operative institutions, and the officials of rural credit banks found the administration of the land reform added to their other functions. The effect of this on the co-operative movement, and the modifications it underwent in order to adapt itself to these new demands, will be described later.

The land was divided into holdings averaging from 0.5 to 5 hectares (roughly, 1 to 12 acres), the recipients being rural ex-servicemen, peasants, and the children of peasants. In some cases land went to enlarge existing holdings. Occasionally land was merely rented from the State, but proprietorship was usual. Reserves were made for communal pastures and forests and for scientific purposes. The peasants paid 50 per cent. of the assessed value, 20 per cent. of this sum on taking possession, with the option of spreading the remainder over twenty years. As currency was by this time greatly depreciated, they preferred in most cases to pay the whole sum at once. The reform affected the group of middle peasants very little, but it involved an immense turnover of land from large landowners to the smaller proprietors. In the Old Kingdom 81 per cent. of the land is now held in lots under 10 hectares—most of them from 3 to 4 hectares—and only 8 per cent. in estates over 100. In Bessarabia the transfer has been similar. In Transylvania and Bucovina the changes have been less startling; less arable land was available for distribution, the large properties, never on such a vast scale as in the Old Kingdom, have left a more appreciable remnant, and the already considerable peasant holdings—small or middle—have not been increased to the same extent.

In Rumania today cereal cultivation accounts for 84 per cent. of the arable land, two-thirds of the agricultural produce, and half the exports, and upon it the whole national economy depends. Animal production is secondary, and is much taken up with the

provision of draught animals for the service of the dominant culture. Fodder crops are grown to a limited extent, as well as industrial crops—sugar beet, potatoes (used largely for the manufacture of alcohol), and a declining area of flax. Vines are common amongst small producers, but the new plants secured after the war are of indifferent quality. Tobacco is grown in areas licensed for the purpose, and taken over by the State monopoly at a fixed price. Silk production is a minor industry, fostered by State distribution of eggs.

The social results of the land reform seem to have been generally satisfactory, in that the standard of living of the peasants has been improved, if only slightly, and their discontent allayed. The economic results have up to the present been more equivocal, even when the effects of war, bad harvests, and virtual famine have been taken into account, together with depreciation, the rise in prices, and the tariff policy of governments under the influence of ex-landlords turned industrialists. The remaining large estates found themselves without labour, and at the outset without capital to replace it by machinery. This difficulty is being slowly overcome, and modern methods and intensive cultivation are bringing the larger estates back to productivity. The peasant holdings, however, which now include the greater part of the agricultural area, are less adaptable. In spite of a certain number of agricultural schools, the peasants, in the Old Kingdom especially, have not progressed beyond a very primitive technique. They are without capital, conservative, and lacking in initiative. The cereal cultivation of the great estates has been transferred to peasant holdings of a few acres, involving a disproportionate population of draught animals and an extravagantly seasonal employment of human labour. Machinery was destroyed in the war or rendered useless by the absence of large estates. Pasture, both natural and artificial, has declined. At the same time wheat,

the export crop, has been replaced to a large extent by maize, the food of the peasants, a process hastened by an export tax on wheat imposed after the war. This is all to the good in so far as it has made for more adequate nourishment in peasant households, but it has lowered the food production of the country and lowered its exports. The peasant may keep himself alive, but he has no margin, he adds little to the common store, and as a consumer of industrial products he is negligible. Frequently his holding is inadequate to the support of a family, and as the population increases a rural proletariat is growing up. The problem, therefore, is to increase the national productivity by a more suitable form of cultivation, by a mechanisation of agricultural processes, and by a rationalisation of agricultural marketing and finance. The improvement of transport and roads, and the introduction of rural industries are subsidiary remedies. Taxes on wheat export are already in process of abolition. The agent to which Rumanian economists are now looking to perform the main task of consolidating the reformed land system is agricultural co-operation. Co-operators should acknowledge the honour, but it may be wondered if some do not regard it as the patient ass regards his burden.

In the course of its history Rumanian co-operation has addressed itself to three different sets of circumstances. Before the war its principal object was to rescue the peasant from the oppression of the landlord and the usurer, not infrequently the same person. Immediately after, it became, actually in an administrative capacity, the principal agent in the land reform; now it is called upon to make good the economic collapse involved in that reform, and to replace the economic leadership undoubtedly exercised by the great landlords, however little it may have been associated with a social conscience. These two latter stages have to some extent overlapped.



Some unsuccessful attempts at urban co-operation were made in Rumania as early as 1870; the beginnings of the agricultural movement date from 1891, when one or two credit societies on Raiffeisen lines were set going by the spontaneous action of a few country priests and schoolmasters. Their object was, as usual, to free the peasant from usury, and to provide him with capital to cultivate not only his own small property, but also the estate of the landlord which he frequently carried on not for wages but in return for a tithe of the harvest. This he did not receive until after it was garnered, and any support which he required in the early part of the year was obtained in the form of advances from the landlord, frequently at usurious rates. At first the societies were looked upon as subversive organisations, and had to struggle against official hostility; but a change of policy took place, and it was apparently decided to neutralise the dangerous elements by absorption in the State. In 1903 the first co-operative law was passed removing the credit societies from the provisions of the commercial law, and later its scope was extended to include other agricultural and finally industrial societies. The latter subsequently organised themselves in a centre of their own, which lasted until 1923. The industrial movement in Rumania was never strong; no compact skilled working class exists; most of the members were officials, independent craftsmen or traders; even in the towns food is cheap; and out of the number of societies which were started after the war, very few remain.

The law of 1903 created a Central Institute for People's Banks and Agricultural Credit managed entirely by State officials, which accepted deposits and supplied cheap credit to the local societies. These made rapid progress, at least as far as numerical expansion was concerned, as the following table shows:

	1901.	1913.	1928.
Number of societies ..	256	2,901	4,810 (including a few
Number of members ..	20,604	583,632	973,641 urban societies)

Another early development was the formation of leasing co-operatives, which were formed to protect peasant farmers against subletting agents and to provide the funds for taking out leases. All cultivation on the land acquired was individual, but the purchase of seeds, tools, etc., and the sale of produce usually took place through the society. Members accepted unlimited liability to the society and to the landlord. The societies were supervised by the Central Institute and qualified agriculturists supplied to them as advisers. In 1908 there were 172 of them, with 23,263 members and an area of 133,227 hectares under their control. In 1918 their numbers had increased to 496, with 82,293 members and an area of 406,664 hectares. Certain land purchase societies also existed and received the support of co-operative credit.

In 1918 the structure of the central organisation was changed and its powers widened. Its name was altered to the Central Office of Agrarian Reform and Agricultural Co-operation, and it was divided into sections: (1) the Central People's Bank; (2) the Centre for Producers' and Consumers' Societies (approximately a wholesale society); (3) the Centre for Land Purchase and Leasing Societies; to which were added two entirely non-co-operative sections dealing with land and surveying. A separate centre was formed for urban co-operation. The motive of this change would seem to have been simply that the State found itself with the enormous task of carrying through the land reform and no adequate means of doing it. Consequently it turned to the co-operative movement as possessing the only machinery which could be made to serve the purpose. The agrarian crisis was

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somehow surmounted, but at the price of overburdening and demoralising the too useful co-operative movement. Each of the five sections of the Central Office became a legal entity; each was under a Board at least half of whose members were State-appointed, the remainder being elected. Its employees were regarded as civil servants. The Central People's Bank continued the banking functions of the previous institute. Credit was in even more urgent demand which existing credit societies had not the resources to meet, for the vanishing landlord-usurer had fulfilled certain functions, if he had fulfilled them in the least beneficial manner. Moreover, new holdings required to be capitalised, and on many of older date the war had made a clean sweep of all live and dead stock. By 1928 the local credit societies numbered 4,810, most of them federated in 556 districts, with a membership of 973,641. Of these, 86 per cent. were peasants, 5 per cent. artisans and labourers, and the rest officials, tradesmen, landowners, priests, and teachers. A table of the most important items (in million lei\*) extracted from balance sheets of 1927 will give an idea of the financial position:

### UNITED BALANCE SHEET OF LOCAL SOCIETIES.

Credits (99 per cent. to peasants)	..	..	3,537	Share capital	..	..	1,265
				Reserve	..	..	211
				Loan capital..	..	..	1,159
				Deposits	..	..	964
			<u>3,537</u>				<u>3,509</u>

### UNITED BALANCE SHEET OF FEDERATIONS OF LOCAL SOCIETIES.

Credits (to local societies) ..	1,223	Share capital	..	..	75
		Reserve	..	..	14
		Loan capital..	..	..	1,091
		Deposits	..	..	46
	<u>1,223</u>				<u>1,226</u>

\* £1 = 800 lei.

BALANCE SHEET OF CENTRAL PEOPLES' BANK

Current accounts .. ..	1,206	Share capital from State ..	25
Mortgage loans .. ..	236	Share capital from societies	9
		Reserves .. ..	47
		Current accounts .. ..	1,387
		Deposits .. ..	23
			<hr/>
	1,442		1,491

These figures give some idea of the sums involved (over £4,400,000 representing the outstanding credits of local societies) and of the precarious nature of the structure, especially in its upper sections, where the excessive reliance on borrowed capital and on the State is especially evident. Credit to members is naturally the main business of the local societies, though advances are also made to non-members at rates from 2 to 4 per cent. higher. Current account business is unknown. Credit is only provided for productive purposes, and the proportions for different objects are as follows: Consumption and purchase of fertilisers, etc., 14 per cent.; cattle and tools, 35 per cent.; land leases, 17 per cent.; land purchase, 14 per cent.; various, 20 per cent. A certain amount of mortgage credit is also provided, the various collective funds, educational, reserve, etc., being apparently regarded as liquid assets balancing the capital tied up in mortgages. A separate mortgage bank is, however, now considered amongst the needs of the country. The majority of societies have from 100 to 200 members, and under 200,000 lei capital. Little clearing-house business is undertaken by the federations, which tended to be no more than channels for the passage of credits, of which the State appears to be the sole source, in addition to the slight funds derived from deposits.

The Centre for Land Purchase and Leasing Societies was more directly concerned with the agrarian reform. Compulsory societies to the number of 2,400 were created for the sole purpose

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of taking over the land which afterwards became the private property of their members. At one time they handled as much as 2,135,414 hectares. They can have had little more than formal existence, though they were evidently valuable in carrying out the reform and creating a suitable atmosphere; most, however, disappeared on the completion of the work for which they had been created. The leasing and purchasing societies of the older type continued through the period of the reform and had a special utility for peasants whose demand for land had for some reason remained unsatisfied by the general reform. The Centre was given special rights of purchasing land which might be transferred to peasants in this situation. By 1928 their number stood at 402, with 39,488 members and an area of 90,896 hectares. This represents a perfectly natural decline on 1918, as many had been liquidated as soon as the land had passed into the absolute possession of the members. Many, however, have not been dissolved, but have carried on as purchase or manufacturing societies, and it is hoped that these especially may help to bring about a more intensive cultivation of the soil and the establishment of subsidiary industries.

The Centre for Producers' and Consumers' Societies acted as Wholesale, as Union for the education and control of its affiliated societies, and at the same time as a financial institution. In 1928 producers' and consumers' societies numbered nearly 7,500. Urban consumers' societies were at one time formed with great rapidity and lavish State aid. This and the semi-political control to which they were subjected produced unsatisfactory results. Their membership was limited, their shareholding fixed at too low a figure, and trade with non-members forbidden. An urban central organisation had existed for some time, but this was abolished, and on the withdrawal of State support most of the local societies collapsed. Rural consumers' and producers'

societies existed in a few cases, some of them being transformed land societies, but only a small volume of business passed through their hands. The following table will give an idea of the progress of consumers' co-operation, both urban and rural:

	<i>Number of Societies.</i>	<i>Membership.</i>	<i>Share Capital (million Lei).</i>	<i>Reserve.</i>	<i>Turnover.</i>
1918 ..	412	20,587	2,221		
1928 ..	2,623	240,881	122,129	45,358	763,101

In the absence of definite marketing societies, the co-operative credit societies supported by the Central Institute had always done a certain amount of buying and selling on commission, their efforts being specially addressed to facilitating the transit of agricultural produce between the villages of the mountains and the plains. The leasing societies had also made some experiments in wheat export and the purchase of selected seeds. Export was organised through the credit organisations, and before the war met with some success. During the war State control and the limitation of export were instituted, and the peasants were only allowed to dispose of their harvest through the Central Institute. Some 26,000 waggons had been handled when the Centre for Producers' and Consumers' Societies took over the task. It was intended that federations should be formed to act as intermediaries between the Centre and the local societies of all sorts, but few materialised effectively, and the Centre was forced to absorb all functions into itself. Between 1918 and 1928 it sold altogether a million tons of grain bought from producers either direct or through the local societies, and another million from co-operative members, nearly half being wheat. At the same time a fresh burden devolved upon it. A chronic famine developed in Bessarabia, and the Centre was

charged with the supply of grain to the stricken district. Over 10,000 tons were supplied annually. Two-thirds to three-quarters have been purchased through co-operative organisations—generally credit societies and their federations—the whole being distributed through similar organisations in Bessarabia. This process has continued up to the present year. It is, perhaps, hardly surprising that the Centre was not equal to the tasks imposed. Its constitution was too theoretical to be permanently satisfactory. Its business policy was rash; it undertook wheat-exporting, insured stocks, and carried on export on its own account with funds supplied or guaranteed by the State. Reorganisation became necessary, and in 1928 the activities of the Centre were transferred to another body.

As early as 1923 it became apparent that in other directions as well the complicated co-operative machine was breaking down. The activities of the Bank and the Centre of Producers' and Consumers' societies overlapped hopelessly. Too many weak societies had been formed which only existed by State aid. Control was suffocatingly close. Under the old law all societies were subject to the rule of the Central Bank, even if they drew no credits from it, and the Central Bank was directed entirely by State officials. After 1918 a portion of elected representatives was introduced, but this was of comparatively little help to newly formed societies whose registration depended on the decision of the Director of the Bank. Discipline over the officials of credit societies was also exercised from the Centre, not by local committees, and little chance of appeal existed. The disciplinary branch assumed an importance uncommon in European countries, owing apparently to the difficulty of finding suitable persons to fill official posts and the uncertain control which, in the most fortunate circumstances, a largely illiterate membership could exercise over them. These circumstances have led to a sug-

gestion that as many functions as possible should be undertaken by one society, as an economy in organising ability.

State subsidies too often led to waste, incompetence, and dishonesty. On the other hand, a philanthropic attitude was almost as fatal. Co-operation was looked on as a charitable undertaking which should make no profits and therefore, by inference, did not require any commercial training to direct. The co-operative bureaucracy, in fact, though frequently full of the most amiable intentions, was quite innocent of commercial experience. As a Rumanian co-operator sadly remarks, "Co-operative faith was to play the part of the Holy Ghost and supply everything else." Reorganisation was attempted in 1923, but got little further than the splitting up of co-operative supervision between the Ministries of Labour, Co-operation, and Social Insurance and Commerce, which merely produced a dispersion of authority. The matter, however, was not allowed to rest, and in 1928 a really drastic reform was instituted. Two Acts were passed, one in that year and one in the spring of 1929. The objects of these two laws are:

(1) To give the co-operative movement the maximum autonomy considered practicable.

(2) To "rationalise" co-operative organisation by a clear division between organising and commercial functions.

The new legislation does not define a co-operative society, but it establishes certain principles by which such societies must form themselves. First of these is the "open door," by which societies cannot refuse any generally eligible member. They must limit their sphere to two communes at most. Minimum membership varies with the type of society from 15 to 100 in the case of urban consumers. Members' liability may be limited, unlimited, or with contingent liability. The formalities of incorporation are simplified and cheapened, as is also the procedure



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of guaranteeing loans, and a more summary process for the recovery of debts is permitted. Management is in the hands of a Board of from three to nine members and a commission of three censors, both elected by the general meeting. The work of local credit societies is limited to (1) making loans for productive purposes, (2) receiving deposits, and (3) buying and selling on commission where no suitable co-operative organisation exists. The maximum interest on loans is 18 per cent., which seems startlingly high till it is understood that small private banks frequently charge rates as high as 30 per cent. to 40 per cent. Profits are to be divided as follows: (1) 10 per cent. to reserve; (2) 5 per cent. to propaganda, education, etc.; (3) not more than 12 per cent. to the managing committee; (4) interest on shares at a rate not exceeding that fixed by the National Office of Co-operation; (5) the remainder as bonus on business done. Non-members' bonus is paid to reserve and educational fund, and it may be decided to pay all profits to these funds. Other matters are left to the rules, as, for instance, limitation to cash trading, the type of liability adopted, and presumably the system of voting, which is not otherwise specified.

The next step has been to separate commercial activities from the functions of control and propaganda. The new law establishes compulsory district control unions, to which all credit societies must, and any other co-operatives may, belong, but which consist of members freely elected by the affiliated societies. These unions sanction the formation of new co-operatives and act as disciplinary courts under the local magistrate. In due course it is hoped that they may elect a Central Union to complete the system, but, pending this development, appeal lies from the Control Union to the National Office of Co-operation. Any local societies not organised in unions are directly subject to the National Office. At the same time societies are free to form federations

for commercial purposes, membership and government being on similar lines to those for local societies, except that unlimited liability prevails. The National Office of Co-operation replaces all previous bodies as organ of control except that the Central Bank keeps a check upon the use of the credits it has itself granted. The National Office is controlled by the General Co-operative Council, which consists of eighteen members, five appointed by the different ministries interested in one aspect or another of the co-operative movement, one from the Central Co-operative Bank, nine elected by the co-operative societies themselves, and three co-opted. The officials of the National Office are civil servants, but the control is thus mainly unofficial. The National Council appoints (1) a judicial committee to work in conjunction with the High Court; (2) a propaganda, educational, and statistical committee; (3) a committee of technical instruction. Though much remains to be done, the National Office finds itself with a certain educational legacy—six co-operative schools for book-keepers and one for officials undertaking the redistribution of land. In 1919 a co-operative high school was started in Bucarest, and summer courses for committee members and employees have been held for some years. A monthly journal has been published since 1904.

At the same time a new central co-operative bank was formed. The old bank and the old centre for producers' and consumers' societies were both dissolved, and their liabilities taken over by the new institution, which is to function on independent commercial lines. Its capital is to consist of 500 million lei (£625,000) subscribed by the State and derived in part from sums placed at the disposal of popular credit by the National Bank of Rumania, partly from State funds invested in former co-operative institutions. In addition to this, an equal sum is to be subscribed by co-operative societies and federations in shares of 10,000 lei, in

proportion to membership. Voting at general meetings is in accordance with shareholding, with a maximum of ten votes. The bank is governed by a provisional council until such time as the societies shall have subscribed 40 million lei, when it will be replaced by a board of three Government nominees, one representing the Bank of Rumania and five elected by the affiliated societies. In addition, a Government commissary is appointed with suspensory powers. Appeals from his decision can be carried to a court of arbitration consisting of one Government representative, one representative of the Central Co-operative Bank, and a judge of the High Court. The bank works on behalf of all co-operative organisations and their federations, operating through the latter wherever possible. Its duties are: (1) To receive deposits from all sources; (2) to accept loans from the National Bank or from public or private institutions; (3) to provide credit to members only, on short, medium, or long term, or on mortgage; (4) to undertake all banking operations on behalf of members; (5) to invest in State or State-guaranteed securities up to 10 per cent. of its foundation capital; or (6) to deposit on current account under similar conditions; (7) to invest in foreign securities; (8) to act as agent for the financial operations of the State, either direct or through the local societies—such as State credits for seeds or harvesting; (9) to undertake commission business for members; (10) to provide funds through a special section for the purchase of land under the land reform. Rates of interest and conditions of loans and deposits are fixed by the Bank Council. The accounts of the bank are audited by the General Co-operative Council. Profits are distributed as follows: (1) 20 per cent. to reserve; (2) interest on capital at the rate of 15 per cent. of the discount rate of the National Bank; the interest due to the State is transferred to the propaganda fund of the National Office of Co-operation; (3) 6 per cent. to the members

of the Board; (4) 15 per cent. to the employees; (5) 30 per cent. to the National Office for propaganda purposes; (6) the remainder in bonus in proportion to the interest paid by local societies on their borrowings from the bank. In July, 1929, three months after the foundation of the bank, its position was as follows:

						<i>Million Lei.</i>
Share capital, State	..	..	..	..	..	500
Share capital, Co-operative	..	..	..	..	..	35
Loans	..	..	..	..	..	170
Special State credits	..	..	..	..	..	190
Deposits	..	..	..	..	..	20
						<hr/> 915

A proportion of these sums was not paid up; much had been invested; certain expenses had been incurred; about 115 million lei, covered by special State credits, had been issued in credits to affiliated societies to finance the harvest.

To complete the co-operative structure the old centre for producers' and consumers' societies is replaced by a central co-operative for import and export. It takes the legal form known as a "co-operative limited company," and is on federal lines with a minimum of fifteen corporate members, which may be any type of co-operative society or State undertaking. Shares may only be transferred by consent of the Board. Each share is fixed at 5,000 lei, and one must be taken up for every fifty members up to a maximum of 100. They must be paid up to the extent of 30 per cent. Member co-operative societies have one vote for every fifty members, with a maximum of 100. Liability is limited. Members are bound to do all business through the Central Co-operative. It is authorised to buy on commission and at firm prices both agricultural supplies and agricultural produce. It may also arrange sales for members and make advances on their goods. Profits are divided as follows: (1) 15 per

cent. to reserve; (2) 7 per cent. to the National Office; (3) 12 per cent. to members of the Board; (4) interest on capital at a fixed rate; (5) bonus on business done. The bonus due to non-members goes to reserve. The Central Co-operative has made a beginning with commission trading, and hopes to supply agricultural requirements and later organise marketing of grain, meat, eggs, etc. It will receive credits from the Central Co-operative Bank.

Two aspects of Rumanian co-operation have not been touched upon so far. In the first place there exist various productive societies, some of which are of a rural, if not of an agricultural character. These include building, mining, and mineral-water bottling, as well as milling, baking, and dairying; but the two departments in which most extensive and successful developments have taken place, and which seem to have been little affected by experiments in State control or the vicissitudes of the land reform, are fishing and forestry. Fisheries societies to the number of twenty-three exist in South Bessarabia and the Dobrudja, especially in the Danube delta; some are engaged in export, and the general level of technical and commercial practice is said to be satisfactory. Forestry societies are probably more highly developed in Rumania than in any other country. The first societies were founded in 1915. In 1918 there were 182 societies with a membership of 11,200. Great progress has since been made, assisted by the land reform and by a decree giving co-operative societies special privileges in the use of State and communal forests. In 1928 there were 819 societies. Only about half supplied statistics, and these recorded 56,000 members and a turnover of 400,300,000 lei; many own factories for the production of building materials, sawmills, light railways, etc. Many supplied building materials to the new colonies. All productive societies deal with non-members, as do the consumers' co-operatives, but any bonus due to non-members is paid into the educational fund.

After allocations to indivisible educational and reserve funds the net profit is distributed in bonus or in loan capital credited to members. As much as 10 per cent. is usually set aside to be used for building schools, churches, libraries, etc.

Secondly, some mention must be made of the co-operative movements of the annexed territories. In 1920 the Rumanian co-operative law was extended to those territories and their societies invited to become members of the Bucarest central organisations. Only Rumanian-speaking co-operative societies accepted the invitation, and except in credit these do not represent very strong movements. The most considerable addition came from Bessarabia, where 290 Raiffeisen credit societies and 150 on the Schulze-Delitzsch plan, with 300,000 members, and 350 consumers' societies, with 50,000 members, dissolved their own central union and merged in that of Bucarest in 1922. Bessarabia, however, still retains two independent unions. One, the Union of Jewish Co-operative Societies, was founded in 1920 as a central bank for forty Jewish credit societies, with 29,960 members, two-thirds of whom are, however, tradespeople and craftsmen, and only about 12 per cent. agriculturists. The position of the bank in 1928 may be indicated as follows:

<i>Million Lei.</i>				<i>Million Lei.</i>			
Loans ..	..	..	205.8	Share capital contributed by Zionist organisations	80.0		
				Contributed by local societies	6.5		
				Reserve	0.1		
				Deposits	110.9		
			205.8		197.5		

Credit is granted to members only; the institution is regarded as being efficiently run, and the relation of deposits to loans certainly has a promising appearance. International funds are available

for long-term credit. The bank also undertakes trading on a commission basis. A German Union was formed in Bessarabia in 1921, and in 1926 included twenty-five agricultural consumers' societies with 4,160 members.

In Bucovina a German, a Polish, and for some years also a Ukrainian Union existed, all formerly affiliated to the Austrian Central Union. The strongest of these is the German Union, with a membership of sixty Raiffeisen societies and 10,000 members, which represents a slight decline on its former strength. It has a capital of 0.7 million lei, deposits of 23 million, and outstanding loans of 26 million.

In Transylvania co-operation is much more highly developed. The Hungarian societies were formerly affiliated to the Hangya central organisation for producers, consumers, and manufacturing societies in Budapest. In 1920 these formed a Transylvanian centre of their own, which acted as wholesale and auditing body, and established warehouses and trading machinery. Its member societies are nearly all true consumers' societies, though of a rural character. In 1928 there were 446 societies, with 102,468 members and a turnover in goods of 417.4 million lei. A union of industrial and credit co-operatives was founded in 1922, and has 290 Schulze-Delitzsch credit societies affiliated to it, with an individual membership of 86,068, share capital of 18.7 million lei, and outstanding credits of 324 million. It is hampered by the difficulty of finding cheap sources of credit. In addition to the Hungarian element, there are German colonies of long standing, each with its own co-operative union. The Saxon Union was founded as long ago as 1886, and consists today of 185 Raiffeisen banks, 81 consumers' societies, 4 co-operative wine cellars, a mill, and a savings bank. The credit societies have a share capital of 1 million lei, reserve of 4.8 million, deposits of 138 million, and loans of 123 million, and are thus more than self-

supporting. Credits are granted for purchase or leasing of land, and the purchase of cattle, implements, food, and fodder. Before the war they assisted internal colonisation. The consumers' societies have a membership of 7,627 and a turnover of 189.6 million lei. The Hermannstadt General Savings Bank was founded in 1841 on philanthropic, semi-co-operative lines; after the war it became a commercial undertaking, but still makes regular contributions for purposes of rural social welfare. The co-operative credit societies bank with it to a very large extent.

Relations between producers' and consumers' co-operation in Rumania as a whole calls for little comment. Urban co-operation is weak; practically all agricultural marketing has hitherto been incidental to some other form of co-operation. A few villages in the neighbourhood of larger towns attempted to process and sell certain agricultural products, as, for example, wine. A federation of such societies was at one time formed near Bucarest, but the affiliated societies died out. On the other hand, there is little conflict between town and country, as no large industrial population exists to antagonise the peasant by a demand for cheap imported food. As has been shown, a little agricultural co-operative consumption exists, and a certain transfer of agricultural produce has taken place from one set of peasants to another. A joint producer-consumer wholesale with individual profits remains no more than a dream of the future.

This is, in brief, the position of Rumanian co-operation, with its 4,000 societies and its million or more members, at the threshold of what its well-wishers hope will prove a new era in its history. Not only as a co-operative movement, but as a national force, the highest hopes are entertained of the future. "Up to this day co-operation is the only form of social economic organisation which, put to the proof, has shown itself capable of assuring to the agricultural population the possibility of competing in the



domains of economics and culture in our age of industrial and commercial progress." Not only is it to supplant the old landlord class as a source of capital and economic enterprise, but in collaboration with the Chambers of Agriculture, it is to bring about, firstly, the much needed technical improvement in agriculture by the common use of machinery, the institution of breeding stations and nurseries, and the provision of expert advice, and, secondly, the rationalisation of its economic side by the provision of common transport and the erection of rural factories. A class of skilled rural workers will come into being. As agriculture becomes more prosperous, more capital will be invested in it, and it in turn will yield more capital for future investments, which under the co-operative system will be the servant and not the master of labour. Social life will improve, and the way will be open to better housing, to communal bakehouses, slaughterhouses, cold storage facilities, cafés, radio installations, fire-stations, and dispensaries. A moral and intellectual training will be provided, and the level of both intelligence and character will rise.

Rumanian co-operators would be the first to admit that the past history of their movement chronicles many errors. Any dispassionate foreigner would grant that the reorganisation of their movement goes far to set it upon a firm basis, that it grants probably as much self-government as existing conditions make practicable, and that it ends much confusion in thought and practice. The Rumanian movement is served by many sincere and devoted co-operators, and the tasks it has set before it are of the most urgent and essential character. In part for that very reason it is impossible not to note some misgivings amongst the hopes which may reasonably be entertained. The movement has great natural difficulties to cope with—scattered villages, a backward population with, it would appear, but slight natural bent for thrift,

a dearth of suitable officials. Such obstacles call for time, patience, and ingenuity. But time is what the Rumanian authorities lack, and for this reason perhaps there are tendencies in their policy which awaken in the Western co-operator a certain uneasiness. That State aid should continue to an overwhelming degree is perhaps inevitable, but there are indications that the old system of using the co-operative movement as a kind of Government maid-of-all-work has not yet been abandoned. Is it truly wise, even as an ideal, that a trained agriculturist should be attached to each local society—a specialist whose retention will be beyond the unaided resources of the society, and who will make his appearance at the bidding of the Bucarest Government rather than the local peasantry? Such a person would be valuable, indeed, but is his direct connection with a credit society likely to do either of them any good? Another doubtful benefit is the following practice. During the past summer the local co-operative societies of all kinds have been receiving credits from the Government through the Central Bank and the Central for Export and Import in order to make advances to the members on their harvest after or even before it is lodged in co-operative warehouses. But they also handle credits advanced by private grain buyers and available to all producers. Prices offered by the co-operative centre are posted in the villages, and the inhabitants decide collectively if they will accept them, or, alternatively, they may be fixed by the co-operative federations, if the members agree. Peasants who have already accepted an advance must either accept the price or return the advance plus 18 per cent. interest on the loan and charges for warehousing the grain. On the one hand, this system does cut out middlemen and secures the sale of his wheat through an organisation over which the peasant has some control; on the other, the Government is naturally anxious to get grain on to the market and to provide its own

needs for the army and the famine areas, which receive subsidised supplies through co-operative machinery working with State and bank credits. But it may be wondered if this system can ever place the peasant in so strong a position as he would achieve through an organisation he had himself built up. The method of acting as agent for private merchants seems also open to many objections. Even more disturbing is the attempt which is being made to involve co-operation in the system of tax-collecting. The Treasury has decided that no taxes are to be collected from the peasants till after the harvest. At that time lists of taxes are to be posted up in the villages with their equivalent in grain. This grain is to be delivered to the co-operative societies, which will sell it to defray the taxes, any surplus being used to reduce peasant indebtedness to the society. Unless the Rumanian peasant differs greatly from his fellows elsewhere, this system seems nicely calculated to bring co-operation into popular disfavour.

The Rumanian people is struggling with an economic and social problem which becomes more urgent the longer a solution is delayed. A process of slow evolution seems to offer little relief, and short cuts are more than commonly alluring. Yet is this not perhaps a case where there is not time for a short cut and where the longest way round is indeed the shortest way home?

M. D.

## SWITZERLAND: CHEESE AND WHEAT CONTROL

THE Swiss people have certain preliminary advantages for the successful practice of co-operation—a small country, a high level of general education, a fair level of general prosperity, and an experience of democratic self-government as long as any in Europe. Prosperity, it is true, is not always favourable to the initiation of co-operative enterprise, and it is perhaps for this reason that the more striking developments of the Swiss movement are comparatively recent and consequently have received little attention from the co-operators of other countries. This is a pity, as both voluntary co-operation and the State control of agricultural marketing have been the subject of unusually careful experiment, and in most cases successful achievement. Without attempting to go into the full history or extent of Swiss co-operation and agricultural economics, three developments may be specially described—the handling of the two dominant commodities of milk and wheat, with their important place in public policy, and the common factor in all forms of agriculture, the supply of farmers' requirements.

Agriculture produces nearly a quarter of the Swiss national wealth, and of that, more than half is represented by milk and milk products. Exports, in the shape of liquid milk, condensed milk, and cheese, greatly exceed imports in the form of butter. At the beginning of the century the once flourishing dairy industry—carried on principally by small producers—had entered a period of depression which showed every sign of becoming permanent. Costs of production rose, and income lagged behind. The result was the formation of co-operative societies on the one hand for

supplies, and on the other for marketing. Small dairy societies sprang up rapidly, especially in French Switzerland and in the neighbourhood of the large towns. These were followed by federations, first for the purposes of bulk sale, and later, principally in German-speaking districts, for collective bargaining. In 1907 the federations united to form the Swiss Milk Producers' Union, of which the principal constituent groups were the sellers of liquid milk to the large cities (Berne, Basle, Geneva, and Zurich), the cheese-makers of Central Switzerland, and the producers for the condensed milk factories of Vaud and Fribourg.

The movement spread during the next few years, and the Producers' Union spent an active and useful life fighting the condensers and others over prices or the purchase of milk from non-members and steadily consolidating its position. At one time it found itself in more or less violent conflict with the Basle Consumers' Society. In 1911 it founded, with the support of the cheese-making federations, a Cheese Export Company, with shares in co-operative hands, which was able to represent the interests of the producers in the foreign market. At the outbreak of war the Swiss dairymen and cheese-makers suddenly found themselves temporarily deprived of all their foreign markets. In order to meet the situation, the Producers' Union initiated a Swiss Cheese Union formed of the three parties interested in the export of cheese—the dairymen, represented by their co-operative organisations, the cheese-makers, and the exporters. The Producers' Union continued its work, coping with the war situation and the requirements of Government control. The scarcity of butter, normally an imported article, became more urgent as the war continued, and various producers' federations were formed, which in 1920 founded a distinct Butter Union. For a time a joint butter-importing agency existed, formed by the Producers' Union,

the consumers' co-operative societies, and the private butter merchants. At the end of two years it broke up, chiefly owing to the attitude of the private merchants, leaving as a residue little more than a general friendly understanding between producers and consumers' organisations.

After the war Swiss milk production rose gradually to a total of 27 million quintals in 1926. Of this roughly 5 million were consumed by young animals, 4 went for domestic consumption, 7 were sold liquid, 8 made into cheese in the lowland cheese factories and 2 in the mountain dairies, while 1 million quintals went for condensing purposes. The sale of milk is at present in the hands of local societies, to which 95 per cent. of the Swiss dairymen belong. There are 3,340 of these societies, with a membership of over 100,000 farmers owning 550,000 cows. Each member on joining pays an entrance fee, followed by a small annual payment in proportion to the weight of milk delivered. There are no shares, properly speaking, and liability is unlimited. Each member has one vote. The members are bound to deliver and the society to accept the full output of each member's herd except what he may require for domestic consumption. The local societies are organised in twenty-four federations, which are linked in turn in the Central Producers' Union. Some societies are principally concerned with liquid milk, others with cheese. The local co-operative society purchases milk at a flat rate, no premium being allowed for fat content, and disposes of it in some cases to a private dealer or a consumers' co-operative society, but more frequently to the federation, which in turn may dispose of it retail or wholesale. In the large towns, milk retailing, except that undertaken by the consumers' societies, is almost entirely in the hands of the producers' federations, many of which have built highly equipped central dairies and established a circle of country collecting stations. It is admitted that modern installa-

tions and a complex distributing machine has actually increased slightly the producer-to-consumer price spread, but it is considered that the consumers' dairies and the few unorganised merchants act as a sufficient check on a possible monopoly. The consumption of liquid milk in Switzerland is low, especially in its raw state, and there is little demand for a pasteurised product. The federations are responsible for "rationalising" the use of milk within each district, for drafting contracts for local sales, and similar advisory work.

Cheese, however, constitutes the key to the Swiss dairying position and regulates the price of liquid milk. The usual practice for a local society interested in cheese production is to build a factory, a loan being obtained for the purpose; the factory is then rented to a cheese-maker, who purchases milk from the members at a rate fixed by the Central Producers' Union, which also fixes the price at which the cheese-maker shall resell the finished article to the Central Union. The producers' federations take over cheese for sale on the home market, but the export of all recognised brands is in the hands of the Union of the Swiss Cheese Trade, which succeeded the Union for the Export of Cheese. Shares in this body are held by the interested parties in the following proportions: The Central Producers' Union, 45 per cent.; the cheese exporters, 45 per cent.; the cheese-makers, 10 per cent. These proportions are unalterable. Voting strength is in accordance with shares. The Cheese Export Company, "Emmenthal"—in which the shares are owned by the producers' federations, and which handles nearly 4 million kilograms of cheese, 67 per cent. of it exported—is a member of the Cheese Union on the exporters' side, thus giving the producers a foot in the opposite camp. This Company does not necessarily handle the whole produce of its shareholders, but it does a considerable proportion, and its existence is a useful reminder to the private exporter of the producers'

potentialities. The Central Producers' Union, after purchasing the cheese from the cheese-makers, resells it to the Cheese Union, sometimes at a profit, sometimes at a loss. Any profit is paid into a guarantee fund used to cover losses. The Central Union also receives 50 per cent. of the profits of the Cheese Union, which are added to the guarantee fund. If losses arise which the fund is insufficient to cover, the Central Union imposes a levy of  $\frac{1}{2}$  to 1 centime on liquid milk. As a rule, however, gains and losses balance one another sufficiently. The Central Union undertakes no trading and is run at a minimum expense. It has a section dealing with the supply of dairy machinery; it runs a journal and, as affiliated to the Swiss Peasants' Union, has the benefit of the quarterly international dairy price bulletin issued by the latter body, containing information based on reports from official and non-official bodies in twenty-four countries. Ideas are entertained of forming in the future some sort of international organisation concerned with milk propaganda, prices, and production in different countries, etc.

By its system of close organisation the Swiss cheese industry has been successfully regulated for a number of years, and the price of milk maintained at some 5 centimes higher than that obtaining in neighbouring countries. The liquid milk price, it may be mentioned, which is fixed by the cheese price, is usually 10 per cent. higher, chiefly because liquid milk is usually supplied from farms in the neighbourhood of towns where the cost of production, rent, wages, etc., are normally higher than in the country. Last year the producers entered voluntarily into three-year contracts for the production and delivery of milk, thus stabilising the organisation still further.

None the less, the situation has its less cheerful side, owing to circumstances which the Swiss peasant can with difficulty control, however good a co-operator he may be. The world



market for Swiss cheese shows a tendency to contract, and competition is severe. The profitable disposal of skim milk is a constant problem. Butter production, although not naturally profitable, is being taken up as a method of relieving the cheese market. Several federations own butter factories, and subsidies are paid both by the State and the Central Union to those delivering cream to the factory and also to home butter-makers. The Central Butter Union not only encourages the manufacture of butter and sells the product, but also imports butter from abroad through the Central Union with a view to securing an influence on the butter market. Butter is imported duty free, and the Swiss peasants would like to see an import monopoly established.

But the problem of profitable dairying in Switzerland does not stand alone. For many years a dangerous expansion in the production of milk has taken place concurrently with a reduction in the less remunerative production of corn, especially wheat. In the years before the war, Swiss wheat production fell steadily, although consumption increased, till as much as seven-eighths of the country's requirements was imported. For many years a scheme for a State wheat monopoly had been advocated with the triple object of securing the food supply, encouraging home wheat-growing, and promoting co-operation; in 1909 a scheme actually passed the Government, but was never put into operation. The outbreak of war threatened to cut Switzerland off from the foreign sources of supply, and a Federal Wheat Board was established as a temporary military measure, acting, however, virtually as a State monopoly. In 1917 the control was transferred to a Federal Bread Office, divided into three departments occupied as follows: (1) purchase of foreign wheat and transference of home wheat to the mills; (2) control of cultivation and purchase of home wheat; (3) allocation of supplies to mills. In 1918 a Federal Food Office was created which took over the administration of

wheat. In the meantime a number of war measures had been instituted, such as control of all grain, the compulsory cultivation of land, and the rationing of consumers, by which the cultivator was allowed either to retain a specified amount of his own crop or to sell the whole and receive bread tickets. These measures, however, did not outlast the war itself, and by 1919 the position had so far relaxed that the monopoly could confine itself to the purchase of bread grains alone. In the meantime, cultivation had risen and imports had been reduced to three-quarters of the national requirements—the same proportion as in England before the war.

As regards price, the State endeavoured neither to make profits nor to incur losses, and for the first few years succeeded. Throughout 1918, 1919, and 1920, however, imported wheat was sold considerably below cost price in order to keep down the price of bread. In 1921 there was a heavy fall in prices, and the State incurred further losses in writing down the value of its stocks. Up to this time home-grown wheat had been purchased at a somewhat lower price than imported wheat, the price being fixed in advance at the 1917 level for the last three years. This price was the same at which all wheat, home and foreign, was sold. In 1921 the position was reversed; the home-grown wheat price was artificially high, and the selling price of the State, although falling, was above the cost of the imported article. As a result of its price policy between 1914 and 1921, the State incurred considerable losses, which fell on its general revenues.

In 1922 the Food Office was replaced by the Federal Wheat Administration, a section of the agricultural division of the Department of Public Economy, on the lines of a commercial undertaking and with control of its own finances. The administration undertook the purchase of foreign wheat through the usual commercial channels and of home wheat through the

Agricultural Federations. Foreign wheat was to some extent stored, but two-thirds was usually despatched direct to frontier mills. In the case of home wheat, cultivators were obliged to notify all saleable stocks to the Agricultural Federations, which arranged for its delivery to a suitable mill and fixed the price. About half the home-grown wheat was handled in this way, the mills being obliged to purchase a proportion of it. The remainder, together with the unmilled foreign wheat, constituted a reserve for which the millers provided compulsory storage. The millers were obliged to keep the Administration informed as to these stocks and to obtain a licence before depleting them. All wheat was sent carriage free on the railways and a "sack service" provided by the Administration. Wheat was sold at a uniform price for each grade, regardless of the quantity ordered. In 1922 the Agricultural Federations were consulted, and agreed to a reduced price for that year in exchange for a guarantee of 12 francs in excess of the imported price for 1923 and 9 francs for 1924. This constituted in fact a bounty on home production. This bounty the Wheat Administration had to meet in addition to its own expenses, including heavy transport charges and those involved in maintaining reserves. This amounted to between 1.50 and 2.0 francs per 100 kg., and was covered by the sale price without a subsidy from general revenue. The direct advantage to the consumer, apart from the benefits to the national economy in general, was the stabilisation of the price which was spared the violent fluctuations at that time taking place in the world wheat market. In addition, a bounty was paid on home-grown wheat milled for consumption by the cultivator's family. The funds for this, however, seem to have come from general taxation.

The monopoly had been throughout the subject of criticism, and a commission to discuss the whole problem of wheat handling

had been in session since 1921. The principal opponents of the monopoly were the millers, who objected to control, to free transport which deprived the big frontier mills of their geographical advantage, and to the system of selling at uniform prices for all quantities. No objection seems to have been entertained to a possible imported flour monopoly. Millers seem to have increased in numbers during the monopoly period in spite of an unwelcome system. They were supported by the middle-class elements generally, and by the leaders of the consumers' co-operative movement, itself a large miller and imbued with a measure of economic liberalism perhaps due to the fact that its working-class membership, though large, is by no means so predominant as in the co-operative movements of most European countries. The trend of criticism, apart from the special grievances of the millers, was that the consumers' price had been fixed at an artificially and injuriously high level, that inefficient buying had contributed to the costs incurred, that the measure was socialistic, and the State not a suitable body to undertake commercial transactions, that the monopoly was bureaucratic and subject to political influences, and that too much power was being gathered into the hands of the Confederation.

The monopoly was supported, on the other hand, by two parties rarely at one on political and economic matters. The peasants regarded the monopoly as the most efficient and equitable method of making home wheat cultivation profitable, not only by securing an enhanced price, which could equally be secured by a bounty on production, but also by ensuring an outlet for the grain which is less readily saleable than much imported wheat. The socialists and organised labour generally regarded it as a safeguard against speculation and profiteering, as a means of securing impartial justice for all parties, and as a protection against the more dangerous monopoly of a few large milling firms. While admitting

that the price of bread was probably higher than it would have been under free competition, they pointed out that it was stable, a much more important consideration for the working-class consumer. In return for these safeguards, and in accordance with general social policy, they were prepared to concede the special advantages to home agriculture.

From 1924 onwards, various proposals were put forward in quick succession in an endeavour to meet criticism and settle the wheat supplies of the country on a permanent basis. Finally the Government, having oscillated all the way to a complete abolition of the monopoly and back again, put forward a proposal for establishing a slightly modified and permissive monopoly on a permanent basis. It was submitted to a referendum at the end of 1926 and rejected by a narrow majority. But it was found impossible to abolish outright the system which had controlled the wheat supplies of the country for thirteen years, and first one temporary order and then another arranged for the retention of wheat importing, the holding of reserves, and the purchase of supplies in the hands of the Confederation, together with the policy of price-fixing and the grant of a milling bounty on domestic consumption. This régime, however, was due to come to an end before the harvest of 1929.

In March, 1929, three proposals were laid before the Swiss people. In the first place the so-called "cereal initiative," put forward by a non-official group, proposed the abolition of the monopoly coupled with vague assurances of support for home agriculture. As an alternative the Federal Council put forward three propositions: (1) that the Confederation should maintain an adequate reserve of wheat by obliging millers to store it and take over wheat reserves; (2) that the Confederation should purchase home-grown wheat at a price ensuring its profitable cultivation, afterwards reselling, if necessary at a loss, and should

pay a milling bounty on wheat for domestic consumption; (3) that the import of flour should be regulated and the cost of transport to inland mills and consumers should be subsidised. Thirdly, it was proposed to cover the cost of this scheme by an increase of the statistical duty of 2 centimes per 100 kg. on all imported goods to 10 centimes, or to 5 centimes in the case of goods already paying over 30 centimes duty. The proposals of the Confederation were accepted by a two to one majority through the support of the peasants and the middle classes, although they did not fully satisfy anyone. The peasants accept the abolition of the monopoly for the sake of the encouragement of home wheat-growing and its favourable reaction on dairying and stock breeding, and for having the whole system at last on a permanent basis. The bourgeois parties accept the encouragement of agriculture in exchange for the abolition of the monopoly. The socialists alone are entirely dissatisfied, and foresee disastrous fluctuations in the price of bread, even though they admit that an immediate fall in price may be the first outcome of a régime of comparative free trade.

The Confederation proposes to allow itself three years in which to draft a permanent law on grain, in accordance with the newly adopted principles. In the meantime the situation is regulated by a temporary order. The Confederation is to hold reserves amounting to 80,000 tons of wheat, of which the commercial mills are obliged to store about half at their own expense. The quota of each mill is fixed in proportion to the quantity of grain milled in the preceding year. The mills are obliged to renew these stocks at suitable intervals at their own expense, and must also purchase the stocks held by the Confederation in public warehouses at prices based on the world price plus carriage. At the same time the Confederation undertakes to purchase all suitable home-grown bread corn at 8·50\* francs per 100 kg. above

\* The supplement under the monopoly was 8·0 francs.

the mean price for foreign wheat at the frontier. The price for the 1929 harvest is fixed between a minimum of 30 francs and a maximum of 45 francs. The commercial mills are bound to purchase home-grown wheat from the Confederation in the same proportions as in former years, and at a price fixed by the latter. For all these purposes the mills have to keep strict accounts of their transactions, and to submit to the inspection of the customs authorities, who undertake the necessary control under the Act. All bread grains are controlled—that is to say, the authorities keep a perpetual check on their whereabouts—as well as various types of feeding-stuffs and offals. The actual importation of grain is free to any registered mill, but it is proposed to regulate the importation of flour for the benefit of the home milling industry. The Confederation pays a milling bounty of 7.50 francs per 100 kg. on all home-grown wheat milled for domestic consumption. The bounty may be raised to 12 francs in the mountains. This is admittedly a social measure intended to promote arable farming and prevent rural depopulation. A bounty is also paid on the production of superior seed corn. The free transport system is abolished, but special reduced rates to inland centres are introduced. The Confederation undertakes to watch over the price of bread in the consumers' interests. The administration of the order is put into the hands of a commission working through the local authorities and the Agricultural Co-operative Federations, who will be the principal agents in delivering home grain to the mills and distributing the milling bounty. The new system is still on its trial, and it will be difficult to pronounce upon it till it has finished handling at least one harvest. By the time the three years are up the Confederation should have had sufficient experience on which to base permanent legislation.

It remains to say something of the Agricultural Co-operative

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Federations, already mentioned as doing useful service in connection with the Wheat Administration. There are in all eight of these federations with a central agency which undertakes a certain amount of importing and other large-scale purchasing on behalf of its members. The federations are formed by a number of local agricultural co-operative societies (precise statistics are not available, but they are probably not less than 1,500), all operating on a basis of unlimited liability. The federations have no share capital to speak of, and depend entirely on borrowed bank capital, the local societies also accepting unlimited liability. This is the most striking feature of the system, and demonstrates a rare solidarity and co-operative trust, obviously justified by results. It may be recalled that local milk societies are also with unlimited liability, so that the system may be regarded as characteristic of Swiss co-operation. A very large proportion of the peasants are either members of the local agricultural society or purchase from them without taking up membership.

The Berne Federation may serve as an example of the rest. In 1928 it had 260 affiliated societies, of which nearly all farmers in the area were members or with which they traded. The societies, however, did not receive their entire custom, as the competition of imported feeding-stuffs is very keen. The Federation received on an average 55 to 60 per cent. of the trade of its member societies. On the one hand, it supplied requirements, about two-thirds being feeding-stuffs, one-sixth manures, and the remainder seeds, seed potatoes, hay, straw, etc.; on the other, it undertook sales of grain, potatoes, and a few other types of produce. Its business during 1928 was as follows:

				<i>Million Francs.</i>	<i>Quintals.</i>
Requirements	..	..	..	13.491	679,687
Grain	..	..	..	4.399	118,060
Potatoes	..	..	..	0.704	64,464



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The total turnover (in sterling) was £743,340, or roughly £3,000 per affiliated society; the share capital was £22,600, or £90 per society, not more than 3 per cent. of the turnover. Interest was paid at  $4\frac{1}{4}$  per cent. on share capital, and 80 per cent. of the profits allocated as bonus on business done, the amount distributed being £3,800 or about £15 per society. This bonus was formerly paid in strict proportion to trade, but a system has now been devised by which societies doing a large proportion of their business with the Federation will have their bonus rate increased in proportion to their loyalty.

In contrast to this advanced development credit co-operation has made but little progress in Switzerland, perhaps because the need for it has never been so great as in other countries. A Swiss Union of Raiffeisen banks exists. The societies have been to a large extent the work of parish priests, and are in the nature of savings banks with religious and political affiliations. They rarely, if ever, act as sources of credit to co-operative undertakings, which have recourse to banks and private persons, although at somewhat high rates of interest. No body of the type of an Agricultural Co-operative Union exists in Switzerland, but such of its functions as are not left in the hands of commodity organisations are performed by the Swiss Peasants' Union, to which the existing co-operative federations are all affiliated. Of the other branches of agricultural co-operation, meat, eggs, spirit-distilling, fruit and vegetables have all received a measure of attention, but none seem to have achieved any remarkable development or got much beyond the stage of experiment. None at least, in the opinion of the Swiss co-operators themselves, are worthy to be placed beside the organisation of milk, grain, and requirements, for the attention of the foreign co-operator.

M. D.

## THE BUCAREST CONGRESS

THE International Commission of Agriculture, itself a development from the International Institute of Agriculture in Rome, has for a number of years been responsible for calling the only international congress of recognised standing which occupies itself exclusively with agricultural problems. The Congress has always included the economic as well as the technical aspects of the industry in the scope of its discussions, but up to the fourteenth biennial meeting, which took place at Bucarest in June, 1929, no special place in the agenda had been set aside for co-operation. At the previous Congress in 1927, the delegates of the German Agricultural Co-operative Union put forward a resolution pointing out the growing importance, national and international, of agricultural co-operation as demonstrated, for example, by the attention it received from the World Economic Conference, and urging the introduction of a special co-operative section amongst those into which the Congress usually divides its work. This resolution was adopted and put into effect at Bucarest, where the new co-operative section was attended by about seventy delegates representing the agricultural co-operative movements of Austria, Belgium, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Great Britain, Italy, Poland, Rumania, Switzerland, and Yugoslavia. Great Britain was represented by a delegate from the Horace Plunkett Foundation.

The various sections of the Congress were defined as follows: (1) Political Economy of Agriculture; (2) Farm Economics; (3) Co-operation; (4) Vegetable Production; (5) Animal Production; (6) Agricultural Industry; (7) Women's Section. The first

section was one of the most important. Its work was subdivided under two subject headings—The Agrarian Reform in Rumania, and The Marketing of Agricultural Produce. On the former subject a number of reports were presented by Rumanian jurists and economists, and a few communications were received on the parallel cases of agricultural reform in Czechoslovakia and Egypt and on internal colonisation in Spain. On the subject of agricultural marketing a greater number of nations contributed. Dr. Laur, the director of the Swiss Peasants' Union, presented a report on the organisation of milk producers in the national sphere, considered as a point of departure for international agreements in the marketing of milk and milk products, which included an account of the Swiss system of cheese marketing. A report of the working of the Canadian Wheat Pools was received, together with one from Denmark on the principles of organised marketing and a study on a similar subject from Rumania. Germany contributed a paper on the importance of marketing, and Italy one on international agricultural trade. An American report dealt with proposed legislation connected with the marketing of the agricultural surplus. The section as a whole submitted the following resolution to the Congress:

The Congress, taking into consideration the persistent disproportion between the price of agricultural produce and the cost of its production, decides:

1. To recommend to agriculturists (*a*) the formation of national and international unions with the object of organising the output of agricultural products and exercising an influence on prices; (*b*) an increase in the means of warehousing and the warrantage of cereals.
2. To recommend the agriculturists and agricultural associations of all countries to pay the greatest attention to problems connected with agricultural

markets and in this connection: (a) to organise information bureaux on prices, the movements of agricultural products, and the state of the harvest in each country; (b) to prepare an international agreement on the methods of enquiry and the statistical forms used in different countries, and to commend this question to the attention of the International Agricultural Institute at Rome.

3. To recommend to milk producers the formation of organisations on the basis of the experiments made in Switzerland.

The second section was occupied principally with farm accounting and the establishment of uniform international statistics on this subject. The fourth and fifth sections were of purely technical interest. The sixth section, dealing with agricultural industries, was mainly taken up with the crisis in the sugar industry and its reaction on beet sugar production in Europe. A resolution was passed pressing for a reduction of tariffs against imported sugar, and advocating a campaign in favour of increased sugar consumption. The last section, which, like the co-operative section, was meeting for the first time, was attended by representatives of agricultural women's organisations, such as the Cercles de Fermières and the Women's Institutes, and of other organisations connected with the "better living" aspects of rural activity. Discussion covering a large number of countries centred round two points: agricultural and domestic training for the country woman, and the improvement of rural conditions for the benefit of women and women's work. Women's contribution to agricultural work and progress was also treated to some extent, and a report was submitted from Germany on the collaboration of women in agricultural co-operative societies.

The principal subject of the co-operative section was the "Direct relations between consumers' co-operatives and pro-

ducers' co-operatives or isolated producers," but its work was divided into three sessions, each dealing with somewhat different material. The first occupied itself with the relations between co-operative producers and consumers in the national sphere, on which subject a number of written reports had been submitted. That from Finland described the rural character of consumers' co-operative societies in Finland, and the part played by them in the supply of farmers' requirements and in the purchase of farm produce, principally grain, which is transmitted to the central agricultural co-operative society "Hankkija," and then resold to other consumers' societies, according to their requirements. Many consumers' societies also enter into contracts directly with agricultural co-operative societies or individual farmers for the supply of produce, especially milk and potatoes. In addition, the farmers' creameries export considerable quantities of cheese and butter to the consumers' movement of Germany and England. Denmark also contributed useful information. Export trade, especially with England, is a feature of the consumer-producer relations as sketched in the report from that country; but there, although consumers' societies are also largely of a rural character, they have played no part in the marketing of agricultural produce, their own sales consisting mainly of manufactured or imported goods. Of late years, however, genuine progress in domestic intertrading has been made, especially in grain. Yugoslavia is faced with the same conditions of agricultural societies mainly concerned with export and consumers with import, and the report drew the interesting, if obvious, conclusion that the whole problem will have to be tackled on international lines. The Polish and Rumanian reports were of a more theoretical character, having few practical experiments to record, except that in Rumania some experience has been gained in the transmission through co-operative channels of grain from prosperous districts to those suffering from

a dearth. Verbal reports were contributed by the French and English delegates. The former referred to the considerable collaboration in social and propagandist matters between producers' and consumers' movements, and attributed the initiative to the consumers, who were doing much to spread co-operation in the country. He also referred to the preparation of a new law permitting "mixed organisations." The English delegate outlined the situation in British countries, the position of the C.W.S. as a farmers' provider, and the complementary character of agricultural co-operation in the Dominions and the consumers' movement in Great Britain.

The second session was devoted to international aspects of the question, but discussion was concentrated on a report presented by M. Klindera, the President of the Federation of Agricultural Unions of Czechoslovakia, in which he urged the necessity of linking more closely the work of the different national agricultural co-operative movements, and of instituting, if possible, some form of international organisation with the triple object of pooling experience and educational resources, facilitating international, commercial, and monetary transactions, and securing adequate representation for agricultural co-operation in international affairs, notably the committees appointed by the League of Nations. The speaker pointed out the disadvantages which withheld from agricultural co-operation a position in international affairs commensurate with its importance—the diversity in the legal form of co-operative organisations, in their relations with the State and in their stage of development—and urged international federation as a solution for the problem.

The idea of international unification was generally supported by the delegates present, and, apart from a digression on the important issue of Free Trade, with its bearings on international co-operative exchange, discussion centred round two points.

In the first place, it was debated whether the approach to international organisation should be made by way of a committee charged with forming a purely educational, and in the non-party sense "political," link between all national movements, or whether small groups of nations should not set up intertrading machinery of a limited, practical character, as in the "International Agricultural Co-operative Society" recently formed at Rotterdam, with a membership of two Netherlands and two Belgian Federations, together with one each from Denmark, Sweden, Hanover, and Czechoslovakia. The main object of this Society is the bulk importation of agricultural requirements, such as chemical manures, but it was pointed out that other groups of countries were reaching a stage where joint or reciprocal trade would be beneficial. M. Klindera made it clear, however, that such developments, though valuable in themselves, were not the form of federation which he was at the moment urging, but rather a subsequent development from it.

In the second place, the English delegate suggested that the principle of forming joint organisations of co-operative producers and consumers, which had been so warmly advocated in the case of national movements, was equally applicable to the international sphere, and urged that all possibilities of linking agricultural co-operation to the International Co-operative Alliance should be exhausted before a separate organisation was formed, with its implications of economic conflict. This opinion was supported by a Rumanian delegate who urged joint action in even stronger terms, and pointed out that the least breach between producers and consumers immediately gave entry to the middleman to the injury of both parties. M. Klindera in reply maintained that an international union of agricultural organisations should precede the cultivation of good relations with the consumers' movement, and suggested the fear that a submergence of agricultural interests

would follow any direct affiliation to a consumers' international. A Swiss delegate, Dr. Velleman, replied in turn by pointing out that the International Co-operative Alliance was not merely the organ of the consumers' movement, but was open to any co-operative body, and that it did, in fact, contain agricultural organisations, besides being in increasingly friendly relations with bodies such as the Canadian Wheat Pools. The general feeling of the meeting, however, though professedly friendly to the consumers' movement, was definitely in favour of independent action by agricultural organisations, at least as the first stage in a general rapprochement of co-operative forces.

The third session of the co-operative section was taken up with consideration of miscellaneous reports on national co-operative activities. France submitted two, one on credit and international co-operation, leading to the conclusion that the agricultural credit system of France formed an excellent basis for co-operative enterprise, but that legal reform was highly desirable, and the other on the co-operative creameries of the Charentes and Poitou. A delegate from the German Union of Raiffeisen Credit Societies contributed a report on "Agricultural Co-operative Societies as a Factor in the Technical Progress of Agriculture," in which he stated that the immense progress of agricultural technique in the last half-century would have been impossible without the help and collaboration of agricultural co-operative societies. A good deal of interest naturally attached to a report on the Rumanian co-operative movement, its past history, and the steps now being taken to emancipate it from the excessive paternalism of the State, and to reorganise it on a purely voluntary and independent basis. At the close a resolution was drafted by the co-operative section, and submitted to the full session of the Congress, where it was passed unanimously:



1. The co-operative producers' and consumers' organisations have a common aim which tends in their sphere of activity to abolish the power of capitalism over labour and to prevent undeserved profit. The Congress, therefore, considers a collaboration of co-operative producers' and consumers' organisations to be necessary in the interests of both parties. This collaboration should take place on a basis of equality and the reconciliation of different interests and tendencies.
2. The Congress considers it desirable, and in the interest of international agricultural co-operation, that agricultural co-operative societies should as soon as possible form themselves into national unions. Amongst other things, it is the business of the Central Agricultural Co-operative Unions to exchange their annual reports with the agricultural co-operative unions of other countries, so as to keep them informed on the development and present position of agricultural co-operation. This information should be extended to include experience in the department of co-operative auditing.
3. The Congress recognises the necessity of international organisation of agricultural co-operative societies in order to satisfy the credit requirements of the National Federations, and recommends the creation of organisations capable of undertaking the exchange of credits.
4. As it is the duty of the agricultural co-operative societies of the various countries to support the interests of their members in the other organs of the International Agricultural Commission, and in order to promote the further and deeper study of the question of direct commercial relations between producers' and consumers' organisations, the Congress considers it necessary that a special Committee for agricultural co-operation should be formed within the International Agricultural Commission. This Committee should consist of the representatives of the central agricul-

tural co-operative unions of the different countries which are members of the International Agricultural Commission in Paris.

Accordingly, the Congress requests the International Agricultural Commission in Paris to call a meeting of the above-named representatives by November 1, 1929, at latest.

The first paragraph of this resolution sets forth a principle of the utmost importance in terms equally acceptable to co-operative producers and consumers. The second, of more limited application, points out a line of intelligent progress to the agricultural movement. It is permissible to hope that the scope of the third will in practice be extended to include transactions with consumers' societies. The fourth contains the practical proposal principally in debate at the Congress. It is resolved to form a "special committee of agricultural co-operation within the International Agricultural Commission," but the main work of this Committee is "to promote further and deeper study of the question of direct commercial relations between producers' and consumers' organisations." The whole resolution is an introduction to future developments which, provided there is no departure from the spirit of its opening paragraph, should benefit not only the agricultural movement but co-operation as a whole. It is undeniable that there exist at present political and other causes of tension between the two movements which make a rapid achievement of the larger aims of the resolution improbable. It is perhaps now inevitable that the first steps should be along sectional lines, and deal with matters which, though important in themselves, are subsidiary to a reunion of producers and consumers. It is, however, by no means valueless that the ultimate unity of aim of the two movements should have been put on record in so decided a manner. The principle has been expressed

by the representatives of the consumers' movement on several occasions, as well as by the International Economic Conference of the League of Nations. The Bucarest Congress would have been significant for co-operative progress if it had done no more than elicit an equally clear pronouncement from the representatives of agricultural producers.

## BOOKS, SURVEYS, AND REPORTS

*Reports on Agricultural Economics issued by the Ministry of Agriculture and Fisheries.* Published by H.M. Stationery Office. Price 6d. net.

No. 18. Marketing of Wheat, Barley, and Oats in England and Wales.

No. 19. Markets and Fairs in England and Wales. Part III, Northern Markets.

No. 20. Marketing of Cattle and Beef in England and Wales.

No. 21. Preparation of Fruit for Market. Part I, Apples, Pears, Plums, Strawberries.

In its Report on the marketing of cereals, the Ministry of Agriculture is dealing with one of the most far-reaching, and also the most involved, of the productive problems which it has passed in review. Historically, the story is one of gradually shrinking production, concentrating itself more and more in the dry Eastern counties; geographically, it is a survey of the world wheat market and its overbearing influence on the British producer. British wheat, as is well known, is being used more and more for biscuit and specialised flours, for stock feeding and the seed trade, not because English flour will not make an intrinsically good loaf, but because it will not absorb enough water to please the baker. The Report traces prices over a number of years, and makes a comparison of those ruling in small and large country markets, noting the gradual decline of the small market. It describes the series of more or less specialised intermediaries through whose hands English grain passes, the complex system of contra accounts and subsidiary lines of business which in many cases characterise their relations with the farmer, and, on the other hand, the tendency for great organisations of producers and wholesalers to confront one another directly on the world market. The technicalities of

cultivation, threshing, and transport receive attention, and the Report goes on to deal very fully with the actual and possible methods of improving the prospects of the British wheat grower. Grading would be valuable and not impossible to carry out, but the chief requirements are credit to enable the English farmer to hold his grain instead of rushing it on the market directly after the harvest; a system of storage which will enable him to obtain his straw as soon as he wants it; and some organisation which will reduce the number of sellers in proportion to buyers on the grain markets. The Agricultural Credits Act is held to have supplied the first need. The second is more difficult, and its mention introduces a discussion on elevators ending in cautious approval of the system, provided it forms part of a complete grain organisation. This brings the Report naturally to the consideration of co-operative methods. Existing farmers' co-operative societies in England have done little more than displace the ordinary grain merchant, probably to the advantage of their members and the accomplishment of some minor economies, but without effecting the sort of rationalisation of the wheat trade for which the Ministry of Agriculture is looking. In strong contrast are the Canadian and Australian Wheat Pools, whose methods of work and finance are described at some length. Reference is also made to the farmers' co-operative organisations of Central Europe and Scandinavia and the State wheat-buying system of Switzerland. Admittedly not all foreign experience is applicable to England, and the Report does not advocate any producers' organisation more rigid than some form of "area selling agencies." The Report is illustrated and provided with elaborate tables.

The Report on Northern Markets is the third of a series still incomplete. It deals with the market facilities of the six northern counties, classified by commodities and districts. As in the previous volumes, fairs seem to be vanishing, at least as far as

their commercial significance is concerned. Markets are thicker in producing than consuming areas, though great markets like those of York and Carlisle continue to serve mainly agricultural districts. Cheese markets are something of a feature, but the predominating type, here as elsewhere, is the livestock market, with a tendency towards the Scottish pattern of farmer-owned auction mart, at present little adopted in the South. Detailed studies of some of the more important markets are given and include architects' plans.

The Report on Cattle and Beef Marketing is immediately connected with the introduction of a national mark for home-killed beef, but it contains as a background a full description of the existing conditions of production; the relations over many years between arable and permanent grass and the cattle and human populations; the seasonality of supplies; imports and the seasonal variation of supplies and prices. The characteristic movements of store cattle are discussed and the present conditions of the trade in store and fat cattle, in both of which the dealer predominates, sometimes working on commission, sometimes independent, very often engaged to some extent in farming himself. The proposed system of grading and the analogous systems abroad are naturally treated at length, but the Report also spares space for a discussion of the more strictly economic problems of the industry and their possible solution. Prominent amongst the evils of present conditions is the wasteful system of "repitching" unsold cattle at successive markets; auction marts, though useful in themselves, are too numerous, and rings exist, though their prevalence is possibly exaggerated. The remedies are all of a more or less theoretical character, as few examples of organised meat-marketing exist to guide the reformer. The agricultural co-operative societies have made little headway in dealing with the cattle and meat trades, and though the butchery

departments of the consumers' co-operative societies are referred to with approval, they do not provide a solution for the farmers' difficulties. Co-operative buying and selling agencies for the feeding and breeding areas respectively have been proposed, but require for their success considerable credit resources and standard grades of store cattle. Producer-owned slaughterhouses depend largely on the possibility of enforcing a membership contract and are not likely to have much future, except in the smaller towns; while organisations of farmers for the purpose of selling to a public slaughterhouse are not regarded as particularly hopeful. The Report regards with more approval a system of farmers' agencies backed by membership contracts and selling collectively by private treaty to wholesalers' and consumers' co-operative societies.

The last Report to be published—on the preparation of fruit for market—deals with apples, pears, plums, and strawberries, but is occupied exclusively with the technique of picking, grading, and packing, and, in the case of apples and pears, with the system of grades which have been adopted, after preliminary trial, for the new National Mark. It is fully illustrated and should be of much practical value to the producer who contemplates grading.

*Reports of the Imperial Economic Committee.* Published by H.M. Stationery Office.

Ninth Report: Tobacco. Price 9d. net.

Tenth Report: Timber. Price 9d. net.

Eleventh Report: A Survey of the Trade in Agricultural Machinery. Price 6d. net.

Twelfth Report: Pigs and Pig Products. Price 6d. net.

In one sense the Reports issued by the Imperial Economic Committee have a wider scope than that of the familiar "Orange Books," for they deal with the Empire as a whole and to some extent also with foreign countries; in another they are narrower,

being less objective and more definitely concerned with the promotion of imperial trade. The volume on tobacco, after a useful census of Empire and foreign production, considers at some length the effects of imperial preference and the methods of improving the home market for African and Canadian tobaccos. There is a sketch of the marketing of tobacco in London and of the various systems prevailing in the producing countries. Co-operative selling in the U.S.A. has not been an unqualified success, most of the difficulties centring round members' loyalty and the marketing contract. In South Africa, where there is not only a legally enforceable contract, but a system of compulsion for the non-co-operative minority, success has been so rapid that it is now leading to over-production, a situation which has been to some extent repeated in Rhodesia. The Report, however, is strongly in favour of co-operative action. "Producers' organisations, by study of the trade and by consistently taking a long view, can bring into the industry those elements of stability the farmer and the trader alike require." Where production is not sufficiently concentrated for co-operative action, the Report advocates the institution of central markets for leaf under public control. "The chief requisite is a gradually increasing supply of high quality, and to this end we believe producers' organisations carefully conducted . . . can greatly contribute."

The Report on Timber is naturally of less interest to the agriculturist, and the material is largely of a technical character—types of timber, sources of supply, forestry research, and the possibility of popularising new timbers for architectural and other purposes. The economic side receives slighter attention, and the Empire at present can point to no such "forestry co-operatives" as flourish in other countries, although it might be thought that they would offer distinct possibilities, especially in the exploitation of tropical forests.



It is stated in the Introduction that the Eleventh Report seeks to "present a world picture of trade in agricultural machinery with the activities of the Empire in the foreground." For this purpose the exports of four great manufacturing countries—Great Britain, Canada, the United States, and Germany—are singled out for analysis. Hand implements and the special machinery for processing tropical crops are omitted. Owing to the diversity of national statistics there is some difficulty in making the figures strictly comparable. The principal importing areas are Europe, South and North America, the outlying portions of the British Empire, principally those settled by Europeans, and Russia. India is a great potential market, but is not yet of the first importance. On the whole, in spite of the temporary check of the war and the post-war conditions in Europe, the use of agricultural machinery is gradually increasing. The Report touches on the relations between the prices of agricultural produce and agricultural supplies—an important subject, which it would have been satisfactory to see treated at more length. Another aspect to which more attention might have been paid is the retailing of agricultural machinery, the system of local agencies and repair shops, the tendency towards trustification of some of the great firms and the service they render to the farmer. The Report, however, must be accepted as written more in relation to the extension of British trade than as an examination of the farmers' sources of supply.

The survey of the pig trade is of double value in that it deals with all the pig-producing countries having any connection with the British market. Pig production has been the subject of a good deal of recent research—not altogether a healthy symptom—and the story of Great Britain's transformation from an exporting to an importing country, the increase of American imports and their replacement by Danish, trade cycles and price

cycles, are fairly familiar. So, too, unfortunately, is the complaint of the irregularity of English supplies, a characteristic which seems to extend to many of the Dominions. A standardisation of factories is also needed, and marketing conditions in general leave much to be desired, some of the systems being described as "archaic." The Report emphasises the need of combined policies of breeding and selling and suggests some form of "co-operative practice," believing that, "short of the farmer undertaking the trade of bacon-curer, we believe that improvements in organisation are possible." The bulking of supplies at assembly stations is put forward as a tentative solution. An interesting point is raised as to whether the English bacon-curer should aim at a small semi-luxury market or a larger one for a more cheaply prepared product. The question has occupied the attention of those interested in pig production, and not all may agree with the conclusions of the Report. The Report deals with Scotland, whose methods appear to be open to similar criticism to those followed in England; with Ireland, where the new pork trade will probably pass under legislation similar to the Dairy Act; with Canada, already possessing a considerable pig industry; and with Australia, Kenya, and New Zealand, where possibilities rather than actualities are principally in question. In New Zealand the Meat Producers' Board is in a position to control a greatly increased export of pig products as soon as the technical difficulties connected with refrigeration can be overcome. For purposes of comparison, a very full account of the Danish, Swedish, Dutch, and United States pig trade is given, in which ample credit is given to the co-operative system. In the words of the Report, "The first problem confronting the Empire producer is one of organisation."

## 460 YEAR BOOK OF AGRICULTURAL CO-OPERATION

*Empire Marketing Board Reports.* Published by H.M. Stationery Office.

*Empire Marketing Board.* May, 1928. May, 1929. Price 1s. net.

*Experimental Consignments.* Reports. Nos. 1-7.

*Experimental Shipments.* Special Reports. Nos. 4-9.

*Oranges, World Production and Trade.* Price 1s. net.

*Grapefruit Culture in the British West Indies and British Honduras.*

By Prof. H. Clark Powell, B.Sc. Price 1s.

The Report of the Empire Marketing Board is divided, as before, into research—on the one hand scientific and technical, on the other economic—and the advertisement and publicity by which the Board is best known to the general public. Scientific research undoubtedly takes first place, and the inevitable question suggests itself: what is to happen to the increased production which the agricultural sciences will bring about if the economic sciences do not receive at least equal attention? Economic investigation has been carried on for the most part in Great Britain, while scientific research has been distributed throughout the Empire. This, as the Report explains, has been made possible by the existence of widespread research stations qualified to undertake technical rather than economic work. In Great Britain the latter has for the most part been handed over to the Ministries of Agriculture, which have thus been enabled to publish the results of economic research and to carry out important schemes of grading and marketing. The co-operation of the universities has also been secured. A special study of retail trade is proposed, and a Chair of Imperial Economic Relations in the University of London has been founded. The Board continues to publish regular market intelligence relating to one or two commodities. Its economic work is thus concerned almost entirely with improving the marketing methods of the home producer and, on behalf of the overseas producer, of investigating the conditions of sale in Great Britain.

An aspect of the latter type of assistance is furnished by the Reports on Experimental Consignments, which give in detail the opinion of trade experts on samples, principally of fruits, exported for the first time from parts of the Empire where their cultivation or at least their export is more or less of a novelty. On somewhat different lines is the Report on Oranges, defined as a "statistical record of the orange trade of recent years," detached from any consideration of the economics of production or distribution. The Report deals with the production of all exporting countries, but principally with that of the largest—Spain, the U.S.A., Italy, Japan—and with the principal importing countries, amongst which Great Britain accounts for a third of the world's trade. A great growth in orange production throughout the world is noted, followed by a slower increase of consumption, held back to some degree by tariffs. The producers' hope would seem to lie in the abolition or reduction of these tariffs, and in the fact that the crops of most of the newer exporting countries come on to the market in the few months when Spain ceases to be a supplier. The Report on Grapefruit Production in the West Indies is of technical agricultural value, but does not touch on the economics of the industry.

*The Economic Advance of British Co-operation, 1913-1926.* By H. J. Twigg. Co-operative Union Ltd. 2s. net.

*Through Six Decades.* By Gertrude R. Lane and Robert Bowley. Co-operative Wholesale Society Ltd.

*Early Co-operation in Birmingham and District.* By E. W. Hampton. Birmingham Co-operative Society Ltd.

*Scottish Agricultural Organisation Society Ltd.* Report, 1928.

*Ulster Agricultural Organisation Society Ltd.* Report 1928.

*Agricultural Economics.* By George O'Brien. Longmans, Green and Company. 10s. 6d.

*The Agricultural Problem.* By F. N. Blundell, M.P. Sheed and Ward. 1s.

## 462 YEAR BOOK OF AGRICULTURAL CO-OPERATION

*A Guide to Agricultural Policy.* By John P. Maxton. Ruskin College, Oxford. 6d.

*The Country School.* By M. R. Ashby. Oxford University Press. 6s.

*On the Tramp in Wales.* By S. L. Bensusan. Noel Douglas.

*The Economic Effects of Monopoly on British Power Stations.* By A. H. Swain. Insurance Press (Leicester) Ltd.

*International Gold Movements.* By Paul Einzig. Macmillan and Company Ltd. 6s.

*Self and Society Booklets.* Published by Ernest Benn Ltd. Price 6d. each.

13. Parliament and the Consumer. By A. V. Alexander, M.P.

14. The Making of an Educationist. By Albert Mansbridge.

15. Twenty Faces the World. By Percy Redfern.

16. Everyman's Statistics. By J. W. F. Rowe.

17. The Wilderness of American Prosperity. By Leroy E. Bowman.

18. The Nation and its Food. By the Rt. Hon. C. Addison.

19. Labrador's Fight for Economic Freedom. By Sir Wilfrid Grenfell.

20. Art and Everyman. By Ivor Brown.

21. The Consumer in History. By Prof. Elizabeth Levett.

22. Agriculture—Industry's Poor Relation. By George Walworth.

23. Old and New Japan. By Dr. Ogata.

24. Capital, Labour, and the Consumer. By Prof. Daniels.

The year's crop of agricultural co-operative literature in Great Britain has been a light one, which, like other crops, has been supplemented by substantial imports from the New World, and even from Asia. There has, however, been a reasonable yield of kindred products providing an alternative diet for the rural social reformer.

Though of unassuming appearance, Mr. Twigg's little volume on the *Economic Advance of British Co-operation* makes a contribution to the subject whose value will be recognised by all who have had to search through numerous publications of different date for the basic facts of co-operative business. At the end of the war, the Co-operative Survey Committee, which had been in session for some years, produced a series of reports on the consumers' movement in all its aspects, which have since formed

a standard work of reference for the student. Much of the material was necessarily, even then, a few years out of date, and in the subsequent years economic life has been lived with extraordinary rapidity. Mr. Twigg has not only brought the information supplied by the Survey Committee up to date, but has beneficially condensed it. After a brief historical introduction, he conveys his information mainly in the form of statistics, economically presented and with a minimum of inferences, most of them of a stimulating character. The whole complex structure of present-day co-operative life is summarised and tabulated, and its tendencies, many of which will extend into the future, are clearly brought out. One of the first points observable is the reduction in the number of societies, due to amalgamations and the tendency to enlarge existing societies instead of to create new ones. Coupled with this is a great increase in membership, not only actual but in proportion to the population. It is now estimated that the movement supplies 40 to 45 per cent. of the population, and the proportion is even higher in Scotland alone. Capital per member has also increased, as have all its uses, except investment in house property. Fixed capital, stocks, investments in a C.W.S. have increased, as have, less fortunately, members' debts, which are swollen by a considerable, if tentative, movement towards credit trading. Another less favourable aspect is the fall in the real value of members' purchases which has taken place since 1913. Money values have of course risen. In part this is accounted for by the prevalent modern system of more than one member of a family taking up membership in a society, in part by war rationing and post-war depression, but it is none the less a disappointing development or lack of development. The co-operative wholesale societies come in for full treatment, and some interesting material is presented relating to the costs of wholesaling services. Further valuable information is col-

lected in the chapter on co-operative employees, a subject to which too little attention is frequently paid. Co-operative production, savings and banking—the latter confined to the C.W.S.—and co-operative insurance, are all dealt with in turn. An appendix deals with international trade, and there are notes, backed by concrete information, on the two controversial subjects of cash and credit trading and high dividends versus low prices. In the latter case it is established that high dividends usually accompany high share capital and high purchasing level per member, but that low prices induce large membership and large turnover. Beyond an appendix giving statistics, the book makes little attempt to deal with agricultural co-operation. It alludes briefly to the Unions' policy of assistance to agricultural societies, remarking that "Finally, however, agricultural production . . . will need to be related to the ascertained consumers' demand as expressed through consumers' societies"—a statement which is unexceptionable, provided it is not understood in too narrow a sense. It may be suggested as a minor criticism that in the diagram, though the dotted line connecting the agricultural societies with the Co-operative Union probably represents their relations accurately enough, a very definite line might reasonably have been drawn between these societies and the C.W.S.

On approaching three score and ten, co-operative societies, like individuals, are irresistibly impelled to write their memoirs. Friends will be gratified, especially if they themselves figure in the narrative; posterity, it is hoped, will be edified; a body of experience will be recorded before it has passed from living memory. Long Eaton is the latest to offer its story to the public, one which bears in many ways a certain resemblance to its kind—the almost furtive beginnings when a few enthusiasts met with all the circumstances of conspiracy in a hay loft, through the early struggles, the vicissitudes of trade disputes, wars, fires, and

floods, to the triumphant construction of ever larger and larger premises, the formation of branches and the extension deeper into the social and educational life of the community. The little book dealing with early co-operation in Birmingham is on slightly different lines. It is concerned not with any actual society, but with the forerunners, those abortive attempts at co-operation which fill so considerable a place in the history of the English working classes in the early nineteenth and late eighteenth centuries. The history of the Owenite Labour Exchanges is familiar in broad outline, but the local details, as well as those of the subsequent Association of All Classes of All Nations were well worth filling in. Less familiar, but no less interesting, is the history of the "Union Mills" in the eighteenth century, of the Kidderminster carpet weavers, the Handsworth Economical Union, and the premature attempts at wholesale trading. This volume is in the nature of a preliminary, and in a year or two the Birmingham Society proposes to follow it up with the story of its own origin and development.

A recent international gathering of co-operators expressed itself on the desirability of an exchange of reports between all national agricultural co-operative bodies. The Annual Report of the Scottish Agricultural Organisation Society should make a valuable contribution to such a collection, with its record of systematic work for the spread of co-operation and the consolidation of its activities. Milk, wool, and meat have been the subject of the most striking developments; but egg marketing is making considerable progress, and potatoes and fruit are coming up for consideration. The Report includes an article on the operations of the Canadian Wheat Pool.

The Ulster Agricultural Organisation Society has also presented a useful and encouraging Report for the same period. Northern creameries record a good year, even if efforts in group



marketing have been of a more or less experimental character. A new development has been the organisation of Pig-Marketing Associations covering a considerable area and concerned with the disposal of pigs—either alive or dead—for which there is no local market. Secondary points of interest are the mutually stimulating effect of legislative activity in Northern Ireland and the Free State, and, further, the friendly relations developing between the co-operative organisations of Ulster and Scotland.

Twelve new booklets have been added to the "Self and Society" series, and while the insistence on the "consumers' point of view" seems more valuable in some subjects than others, the series as a whole maintains a very high level of interest. In *Parliament and the Consumer*, Mr. A. V. Alexander analyses the House of Commons as representing economic interests rather than geographical units, and points out the scanty representation of the consumer, whose point of view is essential for the consideration of matters such as food supply and prices. This leads to a description of how the consumers' co-operative movement of Great Britain has been gradually drawn into politics and provides probably the best connected account of the reasons for this much criticised development. Dr. Mansbridge, in *The Making of an Educationist*, has reviewed, through the medium of his own experiences, the career of the Workers' Educational Association, of which he was the founder. The Association has done brilliant work in bringing teaching of university standard to working people and in creating the educated democracy which leads to co-operative and other developments. It is in some ways the English counterpart of the Scandinavian Folk High Schools, and though its present scope is mainly urban, there are signs that this limitation is less apparent now than formerly. *Twenty Faces the World*, by Mr. Redfern, is addressed primarily to the young and deals with their future and their responsibility to society.

In *Everyman's Statistics* Mr. Rowe presents a concise statement of all the most useful human statistics, with brief paragraphs of interpretation. *The Wilderness of American Prosperity* presents an unusual point of view, backed by considerable authority. Mr. Bowman sets out on a devastating analysis of American prosperity, which isolates one after another of its more disturbing features. Wealth is extraordinarily ill distributed; high wages are limited to a few trades; unemployment is ever present; luxury trades alone are really prosperous; waste prevails, principally in marketing and especially in agricultural marketing. A number of experiments have been tried, such as the familiar "mergers" and "chain stores." Shareholding by workers is a much boomed feature, but, according to the writer, is of a somewhat delusive character. The status of the consumer is considered, and the mass attack made on him by the sellers in campaigns of extravagant and sometimes fraudulent advertising. In the midst of all this, co-operation, especially consumers' co-operation, is a somewhat slow growth, owing to the prevalent individualism and commercial ideals. Its greatest successes have been in agriculture, where immigrant farmers, especially Finns, have done excellent work and have developed the social side of the movement with better results than the native American.

In *The Nation and its Food*, Dr. Addison deals, from the point of view of the public, with a series of problems more often considered with attention focussed on the agricultural producer. These are the "rationalisation," or possibly the control of farm marketing; the influence of middlemen on prices; the services of co-operative societies and the relation of these questions to the kindred matters of food adulteration and short weight. The pamphlet concludes with the outline of an ambitious and comprehensive scheme of national marketing, the "centralisation of machinery concerned with the import of wheat and meat," a

National Milk Board and a National Marketing Authority. Sir Wilfrid Grenfell's volume on *Labrador's Fight for Economic Freedom* tells a fascinating story of the struggle, partly if not wholly successful, against truck shops and later against chronic indebtedness, and for the establishment of self-governing co-operative stores in the remote settlements of Labrador. *Art and Everyman*, by Mr. Ivor Brown, urges more active courses upon the "consumer" of art. Professor Levitt, in *The Consumer in History*, traces the differentiation of the consumer from the self-supplying hunter or peasant, and reviews the traditional moralities of trade, the obscure rise of the retailer, and the legal protection accorded from time to time to the consuming public. In *Agriculture, Industry's Poor Relation*, Mr. Walworth is upon nearer and more controversial matters. The essay begins with a survey of agricultural conditions, and passes to a plea for the development of agricultural co-operation in conjunction with the consumers' movement. Milk and meat are especially mentioned, and the supply of agricultural requirements is envisaged as a counter-trade. This is rather to ignore the existing farmers' supply society, generally regarded as the most successful development of English agricultural co-operation. Mr. Walworth outlines a scheme of depots for the purchase of all kinds of produce run on semi-co-operative rather than semi-official lines. He is sceptical of the benefits of smallholding schemes, but inclines to experiments in community farming on land leased co-operatively. The essay has additional interest as representing the direction taken by current thought on agriculture in the consumers' co-operative movement. Dr. Ogata, under the title of *Old and New Japan*, describes the sudden extension of consumption which has taken place in Japan in the last fifty years, and the complicated marketing system, complete with middlemen and departmental store, which has developed to exploit it. Agricultural co-opera-

tive credit and marketing are of native origin, only subsequently influenced by Western methods. The whole movement, except for a few working-class consumers' societies, is of a strongly official character, supported and controlled by Government action. *Capital, Labour, and the Consumer*, by Professor Daniels, is a useful summary of economic thought upon the subject. Starting with the maxim of Adam Smith, that "consumption is the sole end and purpose of all production," the author traces the development of this idea and of the opposing philosophy prevailing through the earlier nineteenth century, and thus leads to the economic justification of consumers' organisation.

*Agricultural Economics*, by Professor O'Brien, is valuable as a clear and admirably arranged statement of all the known elements entering into agricultural economics. It expressly omits considerations, on the one hand, of farm management, and, on the other, of rural sociology. Professor O'Brien stresses the fact that his subject, like other branches of economics, is essentially a science of prices, and his first chapter is devoted to price movement in general, to the farmers' peculiar and unfortunate position in regard to booms and slumps, and to the historic price movements of the nineteenth century. The bulk of the book deals with particular agricultural prices. The law of supply and demand and the law of diminishing returns both have their peculiarities when applied to agriculture. The prosperity of agriculture depends on the relation between marketing returns, which the farmer cannot control, and costs of production, which to a large extent are in his own hands to increase or reduce. Costs of production are composed of numerous elements—tenure and the size of holdings, labour, capital, raw materials, taxation—and in many of these the author makes clear how costs can be lowered by co-operative action. Costs of marketing must be included in costs of production, and here once more inadequate

organisation and an excessive price spread call for co-operation and the replacement of much existing machinery by something more economical and efficient. The concluding chapter is devoted to a subject usually somewhat neglected by economists not directly concerned with administration or politics—namely, the action of the State in agriculture. The author divides this into “efficiency” action, which is merely intended to make existing farming a more profitable concern without disturbing the general scheme of national economy, and “protective” action, which is intended to change the natural character of farming, frequently for some political, military, or social motive. It is, of course, possible for the two to be combined, as has in fact been done in several European States. “Efficiency” action includes Government assistance in reducing all the costs of production already enumerated by such means as agricultural education, State credit, marketing intelligence, grading and advertising. “Protective” action includes not only tariffs, but such schemes as the settlement of smallholders on the land. The book should be of value to students, both of agriculture and of public administration.

*A Guide to Agricultural Policy*, by Mr. Maxton, covers a good deal of the same ground as the last chapter of *Agricultural Economics*, but necessarily in a much more condensed form, and with the addition of material on rural sociology and labour conditions. Written for the use of Ruskin College study courses, it presents a useful summary of Government action, actual and possible, and includes notes on the policy of the three political parties with regard to each agricultural question. It is provided with classified bibliographies.

Mr. Blundell's book, *The Agricultural Problem*, includes a short historical introduction dealing with enclosures, the repeal of the Corn Laws, and the development of taxation. The chief value of his book lies, however, in his detailed account of post-war

agricultural legislation and the operation of policies, such as deflation, which have strongly affected agriculture. Having reviewed the situation and its causes, he turns to enquire what is to come next. Agriculture may be pursued on an "economic" basis or on a "social and political" basis. The author prefers the first, perhaps slightly modified by the second. Tariff protection is ruled out, the smallholding movement is hopeful, but the principal remedy is voluntary co-operation and combination among the farmers themselves. The author's political standpoint is frankly conservative, and this circumstance may perhaps give his advocacy of co-operation all the more weight in certain rural circles.

The economic and social explorations begun by Mr. Bensusan in the previous year have been carried further afield, and have resulted in the publication of *On the Tramp in Rural Wales*, a pleasant account of journeyings and of observations, many of them far from pleasant to the conscientious witness. Many books have been written and opinions set forth on rural problems in their national or class aspect, which naturally exclude particular instances from their scope. Apart from its readableness, the main feature of Mr. Bensusan's book is that it provides just those concrete instances which serve to illustrate and check a general theory.

*The Country School*, by Miss Ashby, deals with a subject which has perhaps little connection with agricultural co-operation. Education, however, is admittedly the basis of all rural advance, co-operative or otherwise, and for this reason her account of the elementary stages in rural education merits the attention of the co-operator as well as of the rural sociologist. It is of interest to note that the author is on the whole opposed to the strongly advocated "rural bias" in the country child's education. Comparatively few village children are destined with any certainty

for an agricultural occupation, and those that are, such as farmers' sons, rather need something to counteract their already overwhelming agricultural bias—they need to be made "good villagers rather than good farmers."

One very striking piece of evidence emerges bearing on the disputed effect of smallholdings in raising or lowering the rural standard of life. Miss Ashby divides villages into various categories from the point of view of the type of pupils provided; in areas of large farms, where agricultural labourers predominate, the children are of the dullest, most listless and depressed type. Those in smallholding areas, on the other hand, are in every way the best—well-fed and clothed, intelligent and ambitious. The book is evidently the result of close personal observation, and makes instructive reading.

*The Economic Effects of Monopoly on British Power Stations* is virtually an indictment of certain British firms supplying power-house plant for attempted monopoly and price-raising against the British consumer. Such problems have arisen elsewhere in the electrical world, and in Sweden at least are being energetically combated by the co-operative movement. Mr. Swain calls attention to the undesirability of checking, by high prices for plant and fittings, the great electrical development which is anticipated in the next few years. As this development should be largely of a rural character, the whole question has considerable rural interest.

The importance and frequency of gold movements—some of them occurring in response to the movements of the harvest—have from various causes increased in recent years. As Mr. Einzig points out in the introductory chapter of *International Gold Movements*, these transactions have come more and more to be of interest to business circles outside the City, owing to their influence on the rate of interest and the supply of credit. These

phenomena in turn affect employment and the cost of living and have their influence on the agricultural producer and his trading organisations. Mr. Einzig's book gives a clear and concise account of post-war tendencies, and concludes with a plea for less secrecy and a greater measure of international co-operation.

*The Co-operative Movement in India.* A Comparative Study by J. L. Raina. D. B. Taraporevala Sons and Company, Bombay. Price 4s.

*Report of the Committee on Co-operation in Madras, 1927-1928.* Government Press, Madras. Price 12 annas.

*Primer of Co-operation.* By H. L. Kaji. Provincial Co-operative Institute, Bombay.

*Indian Economics.* 2 vols. By G. B. Jathat and S. G. Beri. D. B. Taraporevala Sons and Company, Bombay. 10 rupees 12 annas.

*Socrates in an Indian Village.* By F. L. Brayne. Oxford University Press.

*Rural Education in England and the Punjab.* By R. Sanderson and J. T. Parkinson. Government of India Central Publications Branch, Calcutta. Price 1s. 3d.

In the latest book devoted entirely to the co-operative movement of India, Mr. Raina gives the result of his observations during a tour through the Provinces of Bombay, Madras, Bengal, and the United Provinces. It is preceded by a brief historical note and by some criticism of the weaknesses of the system, notably excessive reliance on the State. Its most useful sections, however, are those giving details of provincial activities, the interlocking of State and voluntary organisation and actual specimens of flourishing societies of different types—credit societies (with in one case subsidiaries dealing with manure and sales), dairying, marketing, development, and housing societies. In one case a few failures are quoted and analysed, and the value of the book might have been increased if this had been done throughout. Madras is praised for its strong voluntary movement and for the experiment in Land Mortgage Banks now being carried out. The book



provides interesting raw material, but might have been improved if the author had allowed himself more space for a critical summing up of the situation, possibly at the expense of the now fairly familiar matter in the introduction.

A Committee was appointed towards the end of 1927 to enquire into the state of co-operation in Madras and to make recommendations. It has since published a Report which constitutes a detailed record of the development of co-operation in the Province and of its present condition. It presents various special features—a strong non-official organisation, a comparatively large and very various urban movement, the presence of supervisory unions, and the experiment, already referred to, in Land Mortgage Banks. The Report makes certain criticisms, especially in dealing with credit, on the prevalence of overdue debt repayments and the confusion which appears to exist between long and short term credit. Its recommendations deal with a great variety of points and include, in the major problems confronting the Province, a delimitation of voluntary and official spheres of control, new provisions for the maintenance of fluid resources, and a tightening up of the management of mortgage credit. Further recommendations deal with education, training, and propaganda.

*The Primer of Co-operation*, by Mr. Kaji, consists of a series of "talks" originally broadcast from the Bombay wireless station. The book is consequently of an elementary propagandist type, but clearly written and up to date. It stresses other aspects of co-operation besides credit, and discusses modern developments, such as compulsion of the minority. It is proposed to translate and publish it in the various vernaculars.

In *Indian Economics*, Mr. Jathar and Mr. Beri give a useful and comprehensive survey of the economic circumstances of modern India. Beginning with geography and natural re-

sources, the authors pass on to problems of population and to the religious and social customs affecting the people in their economic habits. A large section of the first volume is devoted to agriculture; the second is taken up with industry and trade, transport, labour, financial and fiscal problems. The scope of the book is wide enough to include a good deal of sociological material. In the agricultural section will be found a good account of co-operative marketing, especially in cotton, as well as of the conditions it is intended to replace, and there are some interesting suggestions with regard to the erection of wheat elevators. The consideration of credit is reached via an analysis of its cause in rural indebtedness. After some account of co-operative credit abroad, the Indian movement is described, both as regards methods and results. Statistical tables are included, with notes on many of the more recent developments both in credit and other branches. The section can be recommended as one of the best short critical summaries of the Indian movement, and has the advantage of being written from a detached point of view.

Mr. Brayne has followed up his first book on village uplift in India with a volume of dialogues in which Socrates, surprisingly but by no means unsuitably transferred to India, interrogates the peasants and convinces them of the error of their ways with even more than his usual rapidity. It may be noted that the setting of this resurrection seems much more natural than those which have been designed for other recent attempts, and it is not surprising to learn from the preface that some of the methods of Socrates have actually been pursued in arousing the Gurgaon villagers to social improvement. The Gurgaon experiment has become famous, and the book can be recommended to rural reformers who want to know what has been done and something of the methods by which it has been accomplished.

In their paper on *Rural Education*, Mr. Sanderson and Mr.

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Parkinson have summarised certain educational experiments in the Punjab, none of them entirely successful, and have followed them up with an account of recent investigations into rural education in England and the possible application of some of its more enlightened methods to India. The essay thus provides a good deal of otherwise unpublished material in the rural educational system of both countries.

*People's Banks, or the Use and Value of Co-operative Credit for African Natives.* By the Rev. Bernard Huss, Marionhill, Natal.

*The Jewish Co-operative Movement in Palestine.* By Harry Viteles.

*The Alberta Institute of Co-operation*, 1928. Edmonton, Alberta.

*First Annual Report on Co-operative Associations in Canada*, 1928. Department of Labour of Canada. Price 15 cents.

The co-operative gospel has been interpreted and reinterpreted to meet the needs of one country after another during the last half-century. Its latest exponent is the Rev. Bernard Huss, Principal of St. Francis' Native Training College in Natal, who in his book on *People's Banks* seeks to recommend to African natives the system associated with the name of Raiffeisen. The author begins by pointing out that many of the elements of the old Bantu social order are also the basis of co-operation—solidarity, social equality, collective liability, publicity, gratuitous service. There follows an exposition of the nature of credit in general and of the various forms—State, private and co-operative—in which it may be obtained. The economic information is throughout simply but adequately conveyed. The aims and principles of people's banks are set forth with a detailed account of their constitution and functioning and an explanation of all points, such as unlimited liability, which may appear strange or alarming to people encountering them for the first time. Space is devoted to the prejudice and weaknesses of the natives which

are likely to interfere with their co-operative progress, to the need for education and the importance of building on sound foundations and avoiding failures. A second section of the book is devoted to a history of co-operative credit and a summary of its operations in a number of countries, with an account of the work of Raiffeisen, Sir Horace Plunkett, Wollemborg, and other pioneers. It concludes with a transcript of the relevant South African legislation, and thus forms a complete co-operative manual for the native peasantry of Natal. The appeal is perhaps too specialised to make the book suitable for use amongst other races, but it should be valuable to all those anxious to introduce co-operation to Africans.

*The Palestine and Near East Economic Magazine* has devoted the whole of a recent number to the Jewish co-operative movement of that country. Probably no considerable community has ever taken to co-operation with more impetuous enthusiasm than the Zionist settlers in Palestine. Farmers, householders, consumers, professional and manual workers have all organised themselves into co-operative groups. The movement, especially in agriculture, was fairly well established even before the war, but subsequent events have given it enormous stimulus. The present survey by Mr. Viteles provides a statistical and descriptive account of very varied enterprises, which is not only the most recent, but also the most complete which has been published. The movement derives to a certain extent from the various Jewish co-operatives of Northern and Eastern Europe, but, while these are almost entirely credit, the Palestinian undertakings are primarily occupied with agricultural marketing. Co-operation has been and is intimately linked with colonisation, and this has introduced a number of peculiarities into its practice, not all of them advantageous. The working-class and socialist colouring of most societies is very strong, and there are problems of har-

monising the standards of Oriental Jews with those of European origin, all circumstances giving the movement a character which differs strongly from the better-known European and American models. The agricultural societies, other than credit, divide themselves sharply into local primary societies which may be occupied with either purchase or marketing or both, and "large-scale national pool and bargaining societies," such as those exporting wines, oranges, or tobacco. There are also cattle insurance societies and communal settlements. All these, as well as their urban counterparts, are described in detail, failures as well as successes being candidly discussed; the Palestine Co-operative Act is reprinted in the final chapter, and a directory of co-operative societies is included, the whole survey constituting a valuable work of reference.

It seems curious that a country so justly famous for its co-operative organisation as Canada should be only now publishing its *First Annual Report on Co-operative Associations in Canada*. Co-operative societies, it appears, were included in the Report on Organisation in Industry, Commerce, and Professions, till their numbers became so formidable that a separate publication was necessary. The names of 1,085 societies are recorded. The Wheat Pool stands first in membership with 191,645 adherents, the livestock groups not far behind, and the dairying, fruit, and wool societies play a lesser but still important part. The Report supplies full statistical material, accompanied by a minimum of comment.

The Alberta Institute of Co-operation, described as "an educational enterprise organised for the promotion of co-operation," has published a report of its proceedings in 1928. The collection of papers and discussions provides a useful commentary on contemporary developments in Canadian co-operation, most of the information coming from those directly concerned in its

organisation. The main commodities, such as grain, milk, and livestock, receive separate treatment; considerable attention is paid to problems of management and accountancy, and an interesting glimpse of the impact of ideas is afforded by the visit of representatives of the English consumers' movement, whose speeches and the resulting discussions are fully reported.

*Jahrbuch des Reichsverbands der deutschen landwirtschaftlichen Genossenschaften*, 1929.

*Fünf und Zwanzig Jahre Deutsche landwirtschaftliche Genossenschaftsschule*. Reichsverband landwirtschaftlichen Genossenschaften, Berlin.

*Jahresbericht des Zentralverbandes deutscher Konsumvereine für 1928*.

*Der Anteil der Genossenschaften am Neuaufbau des Agrarkredits*. By Dr. Hans Rossberg. Wilhelm Christians Verlag, Berlin.

*Richtlinien für Standort, Verwaltung und Geschäftsführung landwirtschaftlichen Genossenschaften*. By Dr. Arno Schreiber, Berlin.

*Die Genossenschaftliche Viehverwertung in Deutschland*. By Karl Haas, Centralverband der deutschen landwirtschaftlichen Genossenschaften, Böhmens, Prague. Price 15 Kč.

*Die Genossenschaften in der deutschen Landmaschinenwirtschaft*. By Dr. Kurt Richter, Halberstadt. H. Meyer's Buchdruckerei.

*Genossenschaftsrecht und Genossenschaftswesen*. By Dr. jur. Georg Fuchs. Gloecheners Handels-Bücherei, Leipzig. Price 2 R.M.

*Der Neuen Kampf gegen die Konsumgenossenschaften und unsere Abwehr*. By Heinrich Richter. Gepag-Verlag, Cologne.

The Year Book of the Reichsverband, the leading German Union of Agricultural Co-operative Societies, provides an excellent current survey of the German movement. It opens with a sketch of events during 1928; great difficulties have been encountered, mostly owing to circumstances of a public character, the tariff position, taxation, inadequate credit facilities, and a high rate of interest. On the other hand, the Government has made certain grants for the promotion of agriculture which, in conjunction with co-operative activity, should produce favourable results. The Year Book deals with all aspects of the agricultural movement—

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credit, sale of requirements, marketing, particularly of dairy produce, eggs and fruit, meat and cattle. Statistical information covers the number of societies, membership, turnover, capital, position, etc. There are notes on the educational and legal work of the Reichsverband and its participation in the work of other bodies. The Year Book includes a report of the Annual Meeting of the Union and a bibliography.

In 25 *Jahre*, the Agricultural Co-operative School in Berlin presents a record of a quarter of a century's activity, which has extended through the difficult periods of the war, when the school actually closed for a few years, and the subsequent monetary and economic confusion. The school was the pioneer of its kind, though the type of education it offers has since been extended to other parts of Germany. It began as a short course for officials and auditors of co-operative societies, but from the first it was attended by others—young students anxious to enter the movement, and older men engaged in some profession connected with rural life. The curriculum was modified to meet demands, and longer courses instituted. These lasted for six months, and were usually attended by twenty to thirty students. The book reproduces the plan of studies in different years, and describes the method of teaching. It is a tribute to the fame of the school that the long list of students includes a considerable number of foreigners.

The Annual Report of the German Consumers' Union is a substantial volume containing much useful information. The 1928 issue opens with a memoir of Heinrich Kauffman, the valued leader of the movement and active worker for international co-operation, who died in the course of the year. The survey of the year's progress is especially interesting for its reference to a number of important and debatable questions such as co-operative price-regulation, the membership of municipalities in co-operative

societies, co-operative teaching in universities, the political neutrality of the movement, sales to non-members, the "cash or credit" problem, tax exemption, the hostility of trading interests, and especially the manufacturers of proprietary articles. Many of these problems are common to a number of countries. The Report devotes attention to advocating good relations with agriculture, and to pointing out the common origin of both producers' and consumers' co-operative movements, and the unnatural character of the alliance between the agriculturist and the middleman. The Report also deals with the purely economic development of the consumers' movement in the past year, the work of its various organs, and its relation to developments in the sphere of national economy. It is a witness of the thoroughness of the work of information that it includes nearly 200 pages of tables, including statistics of the agricultural movement.

*The Share of Co-operation in the Reconstruction of Agricultural Credit*, by Dr. Rossberg, is an important work which, although it deals with a specialised national problem, deserves to be read outside Germany. Its theme is the shattering of agricultural credit through the war and the inflation which followed, and the efforts, co-operative and other, which are being made to rebuild it. It is preceded by a discussion of the general principles of agricultural credit, divided into "land credit," "improvement credit," and "working credit," with a sketch of its historical development in Germany through the early mortgage institutions providing for "land credit"; to the State, private, and savings banks, which provided in very inadequate fashion for the other two forms. Traders' credit appears to have been at the same time less extensive and more usurious than in England. After reviewing the early history of agricultural credit, the author passes on to the situation which arose at the restoration of the currency and its effect on agricultural credit as a whole. The



series of monetary crises had struck at agricultural credit not only directly, but indirectly through prices and the agricultural price lag. Deflation brought naturally an extreme scarcity of capital and high rates of interest. On the other hand, the agricultural demand for capital was accentuated by changes in the methods of cultivation induced by the war and wartime prices, and notably by the soil impoverishment caused by excessive cultivation of grain. All the farmers' outgoings had increased without any proportionate increase of income. The credit naturally available was inadequate to the demand, and artificial support became necessary. The principal part was played by the Renten Bank and the Renten Bank Credit Institution, a body with specifically agricultural functions. Other public funds were made temporarily available, and special credit schemes were devised to finance a single crop or a single year's operations. Against this background it is possible to trace co-operative action through the critical years, and in particular the action of the Prussian State Bank when faced with an almost impossible situation. The survey covers both the Central Unions and the local societies, whose position as regards capital, deposits, credit, and interest policy is traced year by year, and is assessed in a critical summary. The last section of the book deals with the reconstruction already accomplished and that which has still to be carried through. The Renten Bank Credit Institute once more plays an important part and to some extent foreign loans have been used for the purpose. Co-operative organisation is being strengthened to meet the new circumstances. The day is not yet won, and, as the author points out, it cannot be won by credit organisation alone. Agriculture itself must be made more profitable, and here again it is for the co-operative movement to take the lead.

In his *Guide to the Formation, Control, and Business Manage-*

*ment of Agricultural Co-operatives*, Dr. Schreiber has compiled a useful manual of the constantly expanding co-operative practice of Germany. The book is intended for students and for those actually engaged in co-operative organisation. It opens with a definition of co-operation and brief account of its rôle in agricultural economic development, followed by a classification of the different types of society and a review of their functions and advantages. The next section sets out the numerous considerations which should be taken into account before a society is founded—personal factors, the probable loyalty of members and the interests likely to be adversely affected, climatic and geographical conditions in their bearing on cultivation, the size of holdings, labour and transport conditions, and nearness to markets. On the whole, the smaller the holding and the more remote the market, the greater is the readiness to co-operate. Necessary preliminary calculations as to capital outlay and probable returns are outlined, and the varying amounts of responsibility incurred by different types of society are discussed. Further sections deal with the law and the methods of forming and conducting co-operative societies, their commercial functions, and the elements of business management.

*The Co-operative Cattle and Meat Trade in Germany*, by Herr Haas, is the record of a "study journey" undertaken in 1922. It is probable, therefore, that a certain amount of development has since taken place; but the book contains much valuable information of the type to be found in England in the "Orange Books" of the Ministry of Agriculture, which is not likely to become rapidly out of date. The general trade in cattle and meat is described, with an estimate of the consumer-producer price spread, the whole presenting some instructive points of comparison with England. Co-operation developed from about 1903, at first with Government support, both moral and practical.

It was taken up by various farmers' organisations and by existing trading co-operatives. During the war the meat societies were in a sufficiently advanced state to play a considerable part in food supply. Decontrol plunged the meat trade into confusion, and the co-operatives became more than ever necessary. They increased steadily in business and in numbers. Some four hundred societies were in operation when the book was written, most of them being in Prussia and a large number in Hanover. Their methods varied, some selling on a commission basis on purely co-operative lines, others working in connection with private dealers; auctioneering was a rare development; a few ran their own slaughterhouses. The author offers a general estimate of the movement and its utility to different types of farmers, discusses difficulties, both of supply and marketing, financial problems, relations with private butchers and co-operative societies, and allied problems such as the handling of draught and dairy cattle, also of store cattle, which, however, do not present anything like so great a problem as in England. The second half of the book is devoted to a discussion of the possibility of adapting German experience to Bohemian conditions, and includes a full description of existing methods, both commercial and co-operative, illustrated by maps. The whole problem of a co-operative meat trade has received less than its due of attention, and the present volume is welcome on that account.

Amongst the problems confronting agricultural Germany is the urgent need for increased use of machinery by a more or less impoverished people. Anything—whether it be standardisation or economies in distribution—which will cheapen machinery will be of great service to agricultural recovery. This is obviously a case for co-operative action, though not altogether an easy one, owing to problems on the one hand of the size of the holdings and similar considerations, and on the other of securing a sufficiently

large area of operation and providing adequately for repairs. Dr. Richter, in *Co-operative Societies and the German Machine Industry*, has produced an exhaustive study of the whole question which might well be imitated in this country, where the time is ripe for a much more systematic development of this branch of co-operation than has yet taken place. Agricultural machinery came to Germany later than to England and was largely imported. In the early days of native factories, much uncertainty prevailed both as to price and quality. Consequently many of the professional and political associations of the farmers became active in securing reliable machines at reasonable prices and in encouraging their use. They were followed by co-operative trading societies, some of them large societies with individual members, others federations of local societies. Trade in machines, however, does not seem to have been carried on in conjunction with general agricultural trading. Repair shops were set up and a working agreement entered into with local blacksmiths. A completely different line of advance was that followed by societies for the communal use of machines. Considerable as has been the progress of the sales movement, in Dr. Richter's opinion it might well advance further if it could once master the problem of standardisation of types.

*The Law and Practice of Co-operation*, by Dr. Fuchs, is a revised reprint of a book first published in 1923 and forming part of a series on commercial subjects. It gives in a convenient form a certain amount of information on co-operative origins in Europe, and especially on the German pioneers, together with a sketch of the different types of society. The larger part of the book is occupied by an analysis of co-operative law and a consideration of every step in the formation, conduct, and winding up of a society. In this it resembles the *Hand Book of the Registrar of Friendly Societies*, though it is somewhat less technical and

staccato in style. It concludes with a short note on the present organisation of German co-operation into its several unions.

*The New Attack on the Consumers' Co-operatives*, by Herr Richter, is, in fact, the old struggle of hostile trading interests reinforced by a few new methods. Some of these methods—the campaign against relief from taxation, the boycott, the defensive trustification of retail businesses—are familiar in England, but few English retailers have so far attained to the leaf-insect-like skill of their German brethren in disguising themselves as co-operatives, nor have they indulged in so reckless a campaign of libel. The defence suggested by Herr Richter includes a few minor legal safeguards, but is in the main for ever improving co-operative methods—educational, financial, and commercial.

*Co-operative Marketing : A Report to the Senate*, 1928. Government Printing Office.

*Farmers' Co-operative Associations in the U.S.A.*, 1929. By Chris L. Christensen. U.S. Department of Agriculture.

*Some Factors affecting the Marketing of Wool in Australia.*

*New Zealand, the Union of South Africa, England, and France.* By J. F. Walker. U.S. Department of Agriculture.

*Farm Relief.* By Clyde J. King. Annals of American Academy of Political and Social Science.

*Farmers' Co-operative Buying and Selling Organisations in Michigan.* By C. F. Clayton and J. T. Horner. Michigan State College of Agriculture.

*American Co-operation.* Report of the Fourth Summer Session of the American Institute of Co-operation. 2 vols.

*Co-operation in Agriculture.* By H. Clyde Filley. John Wiley and Sons, Inc. Price £1.

*Practical Co-operative Marketing.* By A. W. Mackay, B.Sc., and C. H. Lane, M.A., Ph.D. John Wiley and Sons, Inc.

*Co-operative Marketing of Agricultural Products.* By H. N. Comish. D. Appleton and Company.

*The Co-operative Pattern in Cotton.* By R. H. Montgomery, Ph.D. Macmillan Company. Price 10s. 6d.

*Economic History of the United States.* By H. A. Faulkner. Macmillan Company. Price 6s.

A Commission was appointed by the Senate in 1925 "to study and investigate various phases of the co-operative movement in the United States." The phases chosen were those concerned with the disposal of agricultural produce, and the result is an authoritative two-volume Report on *Co-operative Marketing*, published last year. The first volume is devoted to the growth and importance of the various commodity organisations. Many of these are federated, and the history of different federations and their affiliated societies are traced in detail, so that the survey approaches to geographical completeness. Starting in every case with a review of pre-existing conditions, the Report traces the development of dairy societies, subdivided into butter, cheese, and liquid milk organisations; of grain societies, amongst which elevator groups and pool movements are most conspicuous, together with co-operatives handling livestock, fruit (especially citrus fruit, but also dried and fresh fruits), cotton, tobacco, wool, eggs and poultry, nuts and vegetables. The first volume closes with a discussion of general considerations common to all commodity organisations—legal status, methods of control, finance, both as regards the extent to which crops are financed by the societies and the sources from which they in turn obtain credit, marketing agreements, and contracts. Information is given as to the hostility of competitors and price-raising campaigns, and a chapter is devoted to co-operative failures, classified and analysed. The actual text of laws and contracts is given in an appendix.

The second volume is occupied with "a comparison of costs and prices and practices of co-operatives and competitors." There has been little attempt to collect information of this kind

in any country, and it has consequently a scarcity value. The particulars presented to the Senate are necessarily incomplete, as the compilers have been dependent on the obliging candour of both co-operatives and private businesses regarding matters which commercial organisations have as a rule little desire to see made public. The results, taken as a whole, are somewhat inconclusive, partly owing to their incompleteness, but more owing to the natural difficulties of the subject. A co-operative society may not show better returns than a private business, but then it may be performing more elaborate services, or its mere existence may have forced up local prices, or its business rival may be running a mixed business, of which the agricultural part is really subsidised from some other branch. Factors such as the steadiness of co-operative prices and the value of services have all to be taken into account. A certain amount of evidence has been obtainable for most commodities, but some of the fullest information relates to citrus fruit and cheese. On the whole, it seems established that co-operative organisation can sell at as good or better prices than private trade. Better day to day selling prices, however, can rarely be obtained unless the co-operative has established a well-known and superior brand of its own. Improvements must rather be looked for through economies of handling, and this in turn depends upon efficiency in management and adequate finance. The report is probably the fullest and most systematic account of United States agricultural co-operation available, and as such is valuable to all foreign investigators.

In his brochure on farmers' co-operative societies, Mr. Christensen covers very similar ground to the Senate Report. His information is slightly more recent and is presented in a greatly condensed form. There are some useful maps, showing the geographical distribution of co-operative societies of different

types, and a chapter is included describing the co-operative associations engaged in supplying agricultural requirements, an aspect of co-operation which is not treated in the larger work.

Mr. Walker has compiled a useful short account of wool production and marketing in several of the British dominions, in England, and in France. The bulk of his space is devoted to technical agricultural conditions, but the author provides an adequate summary of marketing machinery with a note on co-operation. The English section is almost entirely concerned with the South of England and might have been improved by a reference to the very different types of wool and methods of disposal which characterise Scotland and the North.

The question of farm relief has come into much prominence in the United States and has formed the subject of important legislation. The American Academy of Political and Social Science has devoted a recent volume of its Annals entirely to this question. It consists of a collection of articles by experts, all bearing on some aspect of the problem. The United States appears to be plunging deeper into a period of agricultural depression. Farm population and farm income are decreasing simultaneously. In spite of the abandonment of farms, production is increasing more rapidly than consumption, and the firstfruits of much excellent scientific work have been an increase in un-marketable surplus. Progress in transport, marketing intelligence, and other factors are improving matters, but they are insufficient by themselves. There seems to be general agreement that the Government must do something, and suggestions fall under various heads—credit, an export price above the level of the world market, tariffs, and a co-ordinated marketing policy administered by the Federal Farm Board. The agricultural policies of other countries—Czechoslovakia, Germany, the British dominions—are searched for examples. The foreign policy of the



United States is analysed in relation to its effect on foreign markets. There seems to be general agreement on the desirability of co-operative organisation. No definite summing up is attempted, and consequently no comprehensive conclusions are reached, but the value of the book lies in the mass of information and informed opinion which it contains.

The Bulletin of the Michigan State College on *Farmers' Co-operative Buying and Selling Organisations* presents a detailed study of the movement in that State. As in England, but in contrast to American conditions in general, the most widespread type of society is that supplying requirements. These organisations are followed by livestock associations, dairies, a fair number of grain and bean marketing societies, and strong but localised groups handling potatoes and fruit. Every aspect of co-operative activity is minutely analysed, and the Bulletin contains a number of maps and diagrams.

The American Institute of Co-operation held its three weeks' conference for 1928 in California, the Report of which has been recently published. Its discussions were not conducted this year on a commodity basis, but "the problems of agricultural co-operation were approached primarily from a functional point of view," though concrete instances were naturally drawn from the experience of particular commodity organisations. Considerable attention was devoted to problems of membership—marketing contracts and the alternatives, the position of non-members, and similar points. A striking feature to Europeans is the stream of advertisement and propaganda of the most elaborate kind which American societies appear to find it necessary to direct both upon their own members and upon their customers. Other subjects treated are finance, collaboration between co-operative groups, standardisation, price policies (which are closely linked with advertising), and the control of surplus. As in previous reports,

not only the papers, but a verbatim report of the discussions is reproduced. A special section is devoted to the Californian movement, where fruit naturally predominates, though egg societies play a considerable part, and another to an instructive inquest on the Burley Tobacco Growers.

Three books on co-operative marketing in the United States have come out almost at the same time, dealing with the same facts and addressed to very similar audiences.

*Co-operation in Agriculture*, by Professor Filley, is developed from lectures to students in Nebraska University. After a brief general definition of the co-operative movement and some historical notes on the British movement, the author illustrates his theme by a full account of co-operative grain marketing, the farmers' first attempts at organisation from the historical point of view, the conditions of successful management of finance, all being treated in turn. Legal aspects and the work of the Federal Farm Board come up for consideration, but strictly in relation to grain marketing; and pools, to which the writer appears to be hostile, are discussed at some length. The style of the book errs, perhaps, on the side of excessive simplicity, and great pains have been taken to make it readable by copious quotation from letters, reports, evidence before commissions, etc. The method is common in historical works, but it seems a little doubtful if economic matters will bear such treatment. Somewhat shorter accounts of the co-operative marketing of other commodities are included, and the final chapters deal with "the fundamentals of successful co-operation" and the limits of co-operative action. The book contains a series of short bibliographies.

*Practical Co-operative Marketing*, by Mr. McKay and Dr. Lane, is addressed more especially to farmers and "students of vocational agriculture in schools." It describes "the policies and practices of successful co-operative marketing associations," and presents

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good material which might perhaps have been improved by condensation. The first part gives the history of co-operation in the United States, with some of the elements of agricultural economics sketched in to form a background. Successive chapters describe the functions of co-operative societies and the methods of formation. Management, Finance, and Marketing, Part II., deals with commodity organisation, and covers in popular form much of the material available in the Senate Report. Part III. is a sound analysis of some of the general factors of success and unsuccess, with a brief excursion into the "better living" aspect of the subject. The book is copiously illustrated with diagrams and photographs, and each chapter concludes with a bibliography and a list of questions in which it is sought to apply the information given to the student's own district.

*The Co-operative Marketing of Agricultural Produce*, by Professor Comish, is also intended primarily for university use, in this instance in Oregon. Consequently, after a brief survey of marketing in general, it plunges straight into citrus fruit co-operation, which serves as a convenient type example. Other commodities follow, and the second part is taken up with special problems, difficulties, and management methods, including advertising, price fixing, and pooling. A third part contains information, which does not appear to be available elsewhere, on general farmers' organisations, such as the Grange and the Patrons of Husbandry, and describes their economic activities and their influence on co-operative development. Each chapter is supplied with a bibliography and a questionnaire for students.

In his monograph, *The Co-operative Pattern in Cotton*, Dr. Montgomery traces the influence of co-operative ideas on the system of marketing cotton in Texas. A clear analysis of traditional marketing methods and their disadvantages is followed by an equally clear but almost romantic account of the introduction

of co-operation. The membership campaign is a rather surprising revelation of methods which in more sophisticated countries are usually reserved for the sale of patent medicines or the salvation of souls. The co-operative organisation, duly founded, is fully described as regards membership, finance, relation to marketing conditions generally and early operations. The book is useful to those requiring more detailed information than that supplied by general works.

*The Economic History of the United States* attempts to cover all aspects of its subject from the fifteenth century to the present day in 300 small pages of large type, and is consequently of a somewhat superficial character. It presents, however, a good summary, economic policies and events receiving rather more attention than fundamental elements and tendencies. The chapter on agriculture enumerates most of the domestic factors which are changing the farmers' position in the United States, but contains no mention of co-operation.

*XVI Congrès National de la Mutualité et de la Coopération Agricole.* 1928.

*Code de la Coopération.* By Alfred Nast. Recueil Sirey.

*Les Coopératives Françaises durant la Guerre.* By Prof. Charles Gide. Association pour l'Enseignement de la Coopération, Paris.

*La Coopération à l'Étranger ; Angleterre et Russie.* By Prof. Charles Gide. Association pour l'Enseignement de la Coopération, Paris.

*Les Colonies Communistes et Coopératives.* By Prof. Charles Gide. Association pour l'Enseignement de la Coopération, Paris.

*La Politique du Mouvement Coopératif Français.* By Ernest Poisson. Les Presses Universitaires de France.

*Distribution et Consommation.* Les Cahiers du Redressement Français.

The National Congress of Agricultural Friendly Societies and Co-operative Societies was held in 1928 at Arras, and a certain amount of its time was occupied with reports on the local agricultural credit movement in the Pas de Calais, and with related

activities such as the work of the travelling domestic school for the training of peasant girls. Other subjects discussed included international agricultural credit, the relations between rural teachers and agricultural associations—resulting in the expression of a hope that teachers might receive the training and opportunity to become leaders in agricultural organisation—the agricultural co-operative movement amongst the colonists in Algeria, and the milk supply, its hygienic control, and the possibilities of co-operative supply. A resolution was passed favouring the federation of farmers' dairy co-operative societies, and a working agreement between them and the consumers' societies engaged in the distribution of milk. Another resolution asked that co-operative societies for joint purchase and supply might receive the same tax exemptions as agricultural syndicates, and the last session was devoted to a consideration of law on mutual insurance and its co-operative application.

The *Code de la Coopération*, by Dr. Nast, is a comprehensive account of the extraordinarily complex system of law by which French co-operation is regulated. The confusion is a strange one for a people which prides itself upon its logic; some of the legislation is merely negative, by way of exception from general codes, much of it is the decree law so congenial to the bureaucrat. One consequence of this state of affairs is that no definition of co-operation exists, another is that the legislative process is never done. As a co-operative type arises, a legal form for it has to be improvised, only to be found inadequate to the next type which the co-operative spirit evolves. Dr. Nast is an able guide through the resulting maze. He treats the subject historically and in relation to the different aspects of co-operative organisation. The latter part of the book is occupied by a classified and annotated list of laws, decrees, and orders from the decree of "17 ventôse, an XII." to the latest ordinance of 1928, together with a

selection of general laws which may occasionally affect co-operative businesses. In this way the book constitutes a practical manual for the co-operative manager, as well as a work of reference for the student.

In *Coopératives Françaises durant la Guerre*, Professor Gide has touched upon a curious and hitherto almost unwritten chapter of co-operative history. He intentionally treats very slightly the ultimate effect of the war upon consumers' co-operative movements—the extraordinary increase both in membership and prestige which resulted—as well as the position of co-operation as an agent of peace, although the story of how the national co-operative movements maintained their international relations even while supporting their governments in the prosecution of the war, would have been worth telling at length. The main theme of the book is the actual experiences of the French consumers' societies during the war. Numbers of them were in the occupied areas; others had to contend with outbursts of panic shopping, with the moratorium, the mobilisation, the inflation, the fall in production, and the rise in prices. At one point they were saved by a loan from the C.W.S. Later they collaborated with the State in its provisioning schemes; municipal trading and the rise of officially run co-operative societies amongst the armies complicated the position, but the high salaries of munition workers and others were usually clear gain to the co-operative movement. Many of the circumstances reviewed were peculiar to France, but others provide interesting points of comparison with English wartime experiences. One chapter refers to agricultural co-operation in the devastated regions. Compulsory co-operation was introduced by the German authorities anxious to secure the cultivation of occupied territories, and one or two attempts at joint cultivation were carried out in unoccupied France. Hardly any, however, seem to have been permanently successful.

Professor Gide's *Coopération à l'Étranger* (published in 1927) opens with an assessment of the distribution and status of co-operation in the world as a whole, but its two main parts are occupied with the English and Russian movements respectively. The English story is especially detailed in its earlier chapters, but also contains a good account of the wholesales and of modern federal tendencies. There is a short reference to farming by co-operative societies, but the English agricultural movement is not mentioned. The study of Russian co-operation begins with an excellent account of its early development up to the revolution, then traces the impact of Marxism and Leninism upon it, describes the period of compulsory co-operation, enforced much more rigidly upon the consumers than the agricultural movement, the N.E.P. and the present position of all branches of the movement. A useful summary of the agrarian régime, past and present, and of agricultural co-operation, is included, and there are chapters on co-operative education and women's work. The book is written with an eye to human values, and does much to fill out the statistical information which the Russian co-operators themselves have always readily supplied.

*Colonies Communistes et Coopératives* is scarcely a co-operative work in the accepted sense, but it should appeal to co-operators interested in some of the remoter applications of the ideas underlying their movement. Professor Gide traces from the earliest times that impulse towards a perfect community life which has been expressed by the many writers from Plato onwards. He touches upon insect communities, upon the communism of primitive human society, and upon the origins of property, before passing to historic communities. First comes monasticism, then more recent experiments such as the Government of the Jesuits in Paraguay, then the modern communities of Doukhobors, Shakers, and Mormons in America. These were all inspired by religious

ideas, but there have also been socialist communities like those of Owen and Fourier and anarchist communities, some founded on considered principles; others more or less fortuitous like those described by the author as "colonies de Robinson"—colonies, that is, of shipwrecked mariners on the pattern of the immortal "Swiss Family." Some interesting chapters are devoted to agrarian colonies, mostly more or less co-operative in form, of which the most striking are those of the Zionists in Palestine.

*La Politique du Mouvement Coopératif Français*, by M. Poisson, is a study of the modern structure of French co-operation, starting with the proposition that "co-operation is an institution of economic transformation," and characteristically connected into a whole by the idea of unity underlying the diversity of co-operative practice. This is demonstrated first in the federalism which is gradually drawing all groups into the National Federation, and which binds the wholesale and the bank much more closely than in England to the cultural headquarters of the movement; secondly, in the unification of co-operative form and practice between one local society and another. This leads to a survey of commercial methods and to the idea, curious from the English point of view, of a "national co-operative society." There are chapters on the mutual obligation of local and central bodies, on the International Co-operative Alliance, and on the relations with different forms of co-operation, notably the agricultural. "For the last ten years," says the author, "the efforts of the National Federation have been directed to a policy of rapprochement with agricultural co-operation." A concluding section deals with the policy of the consumers' movement towards economic circumstances in general, to its commercial competitors and its employees, also the special appeal which it makes to different sections of the community. The French movement, it appears, is extend-



ing into rural circles largely through the work of "co-operative development societies." This is an aspect of its work which should be of special interest to British co-operators.

*Distribution et Consommation* is a collection of essays directed towards evolving "a rational policy for the distribution and consumption of food." The introduction deals with consumption generally, regarded as the mainspring of economic life, with the legal position of the consumer, and with the historic development of the distributive trades. A plan for what is practically the "rationalisation" of distribution is put forward by the President of the Syndicate of Multiple Stores, an essay on wholesale and retail trade is contributed by a wholesale grocer, and in the last paper M. Poisson puts the case for consumers' co-operation.

*Agricultural Co-operation in the Soviet Union.* By G. Ratner. Translated by M. Digby. Edited by the Horace Plunkett Foundation. Routledge and Sons, London, 1929.

*Civic Training in Soviet Russia.* By Samuel Northrup Harper. The University of Chicago Press, Chicago, 1929.

*The Co-operative Movement in Russia during the War.* By E. M. Kayden and A. N. Antsiferov. Carnegie International Peace publication. Yale and Oxford University Presses, 1929.

The rapid development of agricultural co-operation in the Soviet Union is authoritatively described for the first time by Mr. Ratner, who is a member of the Board of the Union of Agricultural Co-operative Unions. Co-operation in Russia has a long history; Mr. Ratner takes it up at the point where it emerges into formal recognition in the U.S.S.R. with the introduction of the New Economic Policy in 1921. From 1914 to 1920 there had been a decrease from 22,000 to 12,850 agricultural co-operatives in the territory of the Union; from that date the annual increase was never less than 100 per cent., and by the middle of 1928 it had

passed the 100,000 mark. The position of these voluntary organisations under State Socialism might be expected to be ambiguous; but it was fortunate for them, and for the agricultural progress of Russia, that Lenin put himself on record in no uncertain manner as to the rôle of co-operation under Soviet rule. One of the last slogans he formulated was: " Soviets plus Co-operation equals Communism." That this formula has not been regarded quite literally by his followers is indicated in the chapter on Co-operation in Professor Harper's sympathetic analysis of the very intricate and original political and social structure by which the Communist Party maintains its influence in the Soviets of all degrees, and in all the social and political organisations in the Union. The chapter should be read not as a corrective of Mr. Ratner's description of the activities of the Co-operatives, for this deals solely with business organisation and results and is supported by well-authenticated statistics, but as an answer to the natural questions which Mr. Ratner's book must raise in the mind of any reader who tries to fit this great network of voluntary business enterprise into the all-embracing State machine, or to reconcile the ideologies of two apparently conflicting economic conceptions. Professor Harper gives the impression that the policy of the Soviet Government is being deflected by the party away from peasant co-operation to collective agricultural enterprise; information from other sources indicates that the co-operative movement is put as much on its mettle by this alternative as it is by capitalist competition elsewhere. This is not all to the bad; the sound and extensive business system described by Mr. Ratner is no doubt drawing strength from this necessity.

The third volume, which reaches us as we go to press, is part of the Carnegie Endowment *Economic and Social History of the World War*. Its 420 pages are evenly divided between

consumers' and agricultural co-operation, and provide a detailed yet most readable history of both sides of the movement up to the Bolshevik Revolution. The consumers' story culminates in the formation of the Centrosoyus and the multiplication of its national functions during the war, preparing it for the important rôle it now plays in Russian trade. It is only in the recent past, however, that its work of education "has assumed the proportions of an organised movement, as the old régime was ever hostile and suspicious . . . since the Revolution a great number of peasants' and workmen's clubs" and other social activities have been established. The agricultural section deals very thoroughly with the credit movement before the war, and with legal reform under the Provisional Government, but passes rather lightly over the wartime inflation. Co-operative marketing began only during the war, and the information on this in its early development is less complete. It is rather unfortunate, too, that Professor Antsiferov does not bring down the curtain of the Bolshevik Revolution as gracefully as does his colleague. He is fair enough in recording the difficulties agricultural co-operation encountered under the old régime, and in recording the "breakaway" of the co-operative banks under the Kerensky régime—he also states that the grain monopoly, frequently treated as a wicked Bolshevik device, was a measure of the Provisional Government—but he permits himself to make several assertions which seem out of place in a volume of objective history such as this is intended to be; for example, his concluding remark on the effort to establish commodity marketing organisations is that "these attempts have been frustrated by the Revolution." Presumably Mr. Ratner's book had not reached Prague when this and other comments were written. As for the chronological gap between Professor Antsiferov and Mr. Ratner, we hope that some day this also will be bridged.

*Dansk Bondekooperation.* By Anders Hedberg. Kooperativa Förbundet, Stockholm.

*Agriculture, the Co-operative Movement and Rural Education in Denmark.* By S. Sørensen. League of Nations.

*Die Genossenschaftliche Viehverwertung in Danemark.* By Karl Haas. Centralverband der deutschen landwirtschaftlichen Genossenschaften, Böhmens.

*Progressive Education in Denmark.* Special number of *The New Era*, January, 1929.

Co-operators are indebted to Sweden for the latest comprehensive account of Danish Agricultural Co-operation. Agricultural co-operation in Sweden itself is by no means negligible, but it has not attained to the completeness of the Danish model. Consequently, the Swedish Co-operative (Consumers') Union undertook an investigation into the causes of its neighbours' prosperity. The result is an excellent little book, *Danish Farmers' Co-operation*, by Anders Hedberg. The work is in Swedish, but it may be hoped that an English translation will appear later. Danish co-operation has been on public exhibition for many years, and not all the information contained in Mr. Hedberg's book will be new to the English student; it is, however, more recent than any other book by six or seven years—the important years of the post-war period which have seen such rapid progress in the co-operative organisation of most countries—and it deals with a number of co-operative activities less well known than the world-famous butter and bacon production.

Mr. Sørensen's short study of Danish Co-operation and Rural Education was prepared for the Rural Hygiene Interchange held in Denmark during June, 1929, under the auspices of the League of Nations Health Organisation. The book devotes a section to the old Danish village life, and sketches the subsequent economic development and the rebirth of the communal spirit in the form of co-operative societies and Folk High Schools. The treatment

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is necessarily somewhat hurried, but the pamphlet constitutes a pleasant and stimulating introduction to more detailed study of the subject.

Herr Haas has published the results of a tour in Denmark undertaken in 1926 on behalf of the agricultural organisations of Czechoslovakia. The special object of the tour was to study the means by which co-operation had promoted stock-breeding and the processing and sale of animal produce in Denmark. Bacon factories and slaughterhouses naturally receive most of the author's attention, but notes are also included on the handling of cattle. The conclusion of the author is that although the actual methods of Denmark are not suitable for direct imitation in his own country, the ideal elements of unity and efficiency cannot be too closely studied.

*The New Era*, educational review, has devoted the greater part of its issue of January, 1929, to the Danish educational system. Several articles deal with the Folk High Schools and with other aspects of rural education.

*La Réforme Agraire en Europe.* By Arthur Wauters, L'Eglantine, Brussels.

*Le Mouvement Coopératif en Finlande.* By P. Molin.

*Pellervo Arsbok*, 1928.

*Thirty Years of Czech Agricultural Work.*

*La Coopération Agricole en Tchécoslovaquie.* By František Obřtel.

*La Situation du Mouvement de Coopératives en Hongrie après la Guerre.* By Charles Schandl, "Patria," Budapest.

*La Roumanie Agricole.*

*The Co-operative Movement in Japan.*

*L'Union des Paysans Suisses.* Report, 1928.

*Boerenbond Belge.* Report, 1928.

*Efficienza del Movimento Cooperativo Italiano* aderente all' Ente Nazionale della Cooperazione, Rome, 1928.

The war has brought about a profound change in the system of landholding in Europe. In no less than fourteen countries

a radical agrarian reform has taken place, either by legal enactment or by force, without counting those countries whose land system has been merely left to the operation of economic forces supplemented by a tentative scheme of smallholding and internal colonisation. This revolution, except where it has taken on a markedly political character, has received less than its due of attention in those countries which it has not seriously affected. Yet any occurrence which has so profoundly influenced the lives of millions of people and their powers of production and consumption cannot be without interest to economic students. It is especially interesting to co-operative students, for the changes in land tenure have in almost every case markedly altered and enlarged the possibilities of co-operative action. Consequently, M. Wauters' convenient summary, *La Reforme Agraire en Europe*, is a welcome contribution to the study of the subject. After a brief history of the pressure towards peasant ownership which constitutes the motive of reform, the author discusses its more immediate causes in the pre-war land system and the exigencies of the war itself. There follows an extremely condensed account of the legal process of reform in each country, followed by a consideration of some of the general results of the reform, its influence on the size of holdings, the predominance of minute properties, their effects on social conditions, collective and co-operative exploitation, the effect on production and on the wage level, the political implications of the change. The last section of the book is devoted to a discussion of the land reform in the light of theoretical socialism and of socialist theory in the light of the land reform.

It is not merely an encouraging sign of the times, but a real assistance to the international knowledge of co-operation that an increasing number of students at European universities should choose co-operative subjects for their theses. A welcome addition

to this literature is Dr. Molin's book (in French) on the Finnish Co-operative Movement—a movement which, while one of the last to begin its work, is today amongst the largest and most successful in Europe. After giving the geographical, historical, and political background of Finland, Dr. Molin begins his story with the foundation in 1899 of "Pellervo," the organisation society which was to be the main source of all co-operative progress in the country. In Finland, as in some other countries, co-operation gathered strength from contemporary political nationalism. It developed along three main lines—consumers' societies, two-thirds of them rural in character; dairies, doing a considerable export trade in butter, besides supplying liquid milk locally; and agricultural credit societies on the Raiffeisen model. But besides these there are to be found agricultural machine-using societies, mills, bakeries, sawmills, electricity societies, societies for turf-cutting, forestry, fishing, egg marketing, cattle breeding, building, agricultural supply, the supply of telephones, and the management of buses. Between 80 per cent. and 90 per cent. have always been rural, and they flourish best where small properties are most numerous. Urban and rural consumers' societies have separate centres, the existence of two languages also necessitates a certain amount of subdivision, and today there are actually six unions and ten wholesale societies. Various points are of special interest—the part played by dairy societies in raising the whole technical level of Finnish dairying, the gradually mounting deposits of the credit societies, the exceptionally strong reserves built up by the consumers' societies. In the concluding chapters the author deals with the social aims and achievements of the movement.

For readers of the Finnish language, there is available the 1927 Year Book of the Pellervo Society, containing copious statistics, together with explanatory matter, referring to the whole agricultural co-operative movement of Finland.

The Czech agricultural co-operators have celebrated the thirtieth year of their movement's existence by the publication of a magnificent picture-book displaying all sides of co-operative activity on the land. The text is in Czech, but a précis of the contents is given in English, German, and French. Somewhat similar, though fuller material has gone to the making of it, is M. Obrtel's book, *La Coopération Agricole en Tchécoslovaquie*, which also includes information on the German-speaking movement of Czechoslovakia. Every district and every form of co-operation except the urban and consumers' movements is dealt with in turn; the principal text, except in the case of German societies, is in Czech, but is followed on every page by a somewhat condensed translation in German and French. The book is a compilation rather than a study, and is intended primarily for those actually engaged in the movement, to whom it will serve as a reminder of past struggles and fellow-workers. It nevertheless provides much valuable raw material for the foreign student.

Comparatively little has been published dealing with Hungarian co-operation since the war, so that M. Schandl's book is of special interest. The partition of Hungarian territory under the peace treaties deprived the movement of many of its affiliated members, and the remarkable development which has since taken place has been intensive rather than extensive in character. It is attributed partly to an increased preoccupation with agriculture, partly to the land reform, which has enormously increased the number of small properties. The author traces the historical development of Hungarian co-operation, the stimulus given by it to agriculture in general, the formation of local and central organisations and their interaction. Credit, grain marketing (partly for export), and agricultural consumers' societies centralised in the famous Hangya (The Ant), are the most striking developments, though co-operative dairying is beginning to come into prominence. Co-operation,



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especially on its financial side, has always been closely associated with the State, and the present book is to some extent a defence of State aid, illustrated by foreign examples, and a plea for its continuance. The author looks to co-operation to save Hungarian village life from communism on the one hand and American competition on the other.

*La Roumanie Agricole* is a collection of seventeen essays on different aspects of Rumanian agriculture. An historical introduction is followed by a chapter on the soil and natural vegetation of the country and by monographs on the different cultures. Rumanian agriculture is characterised by an immense preponderance of grain, which in the opinion of some writers is a condition of dubious desirability, in view of the internal conditions on the one hand, and the world grain market on the other. The results of the land reform, and the technical and economic problems which it has brought with it, are discussed candidly and in detail, and there is a chapter on production and export which serves to reinforce some of the conclusions indicated. Taken as a whole, the book, which was prepared for the Fourteenth International Congress of Agriculture held at Bucarest in 1929, gives a comprehensive view of the agriculture of a country whose conditions are relatively unfamiliar to Western agriculturists. It is perhaps permissible to wish that the historical introduction had had a more economic and social and a less purely political scope, and that a place had been found for an additional chapter on the social conditions of the countryside. With much space expended on native horses, cattle, and silkworms, it seems a pity that some pages were not found for a direct study of the human fauna. The book is liberally and attractively illustrated and contains tables and diagrams.

The Central Union of Co-operative Societies in Japan has published a useful summary of Japanese co-operative activity.

The movement is comparatively recent, little development having taken place before the passing of a co-operative law in 1900. The Central Union opens its Report with an account of the provisions of the law, followed by a history of co-operative development illustrated by copious statistics. Credit societies are the most numerous, followed by agricultural societies for the purchase of requirements, including machinery. Marketing and consumption are comparatively backward. Of the members of all societies taken together, 73 per cent. are agriculturists. Short sections deal with each type of society and with the various central organisations.

The Report of the Swiss Peasants' Union for 1928 contains some important notes on the attitude of the Union to recent grain legislation as well as to other political measures. The Report contains a good deal of special information on points connected with the marketing of agricultural produce, together with summaries of the Union's own activities—the supply of agricultural machinery, research, the issue of marketing intelligence. The Report provides a glimpse of the work of a very active organisation.

The Belgian Peasants' Union have also issued their Report for 1928, in a volume whose size demonstrates the extending work of the Union. The social and educational groups such as the Gildes Agricoles and the Cercles de Fermières show a steady increase, and the Union continues to watch over the political and economic interests of its members and to promote their technical progress. Considerable co-operative activities are recorded, including those of the Central Purchase and Sale Board, the Credit Bank, and the Insurance Society.

The Italian movement, in the words of a preface to the published statistics of the National Body, has now undergone "a profound and definitive fascistisation." The unification of a

movement hitherto notoriously sectional is an unquestionable benefit, and such things are not accomplished in a short time and by outward pressure without sacrifice. Where that pressure has chiefly been applied is indicated in the brief preface to the statistical tables; the "old organisations" affiliated to the Socialist and Popular Party, it says, "limited themselves to the classes having the largest electoral resources," while the National Body includes all types of organisations in its fascistic embrace. Where there is only one political party, as in Italy and Russia, obviously political neutrality cannot be tolerated; but it cannot be quite such a comfortable partnership as the natural alliance that has grown out of the circumstances of the movement in England—and even that has its embarrassments on the agricultural side. The Italian movement is apparently in a flourishing condition again, and that, if it is actually so, is the main thing.

## LEGISLATION OF THE YEAR

### AUSTRALIA

*South Australia.*—No. 1828, an Act to amend the Loans to Producers Act, 1927—December 23, 1927.

*Tasmania.*—Co-operative Industrial Societies Act, 1928. (This law is analysed in the article on Tasmania.)

### CANADA

*Alberta.*—An Act was passed in 1929 which revised, in the light of five years' experience, the constitution and rules of the Alberta Co-operative Wheat Producers Ltd., repealed the previous Act, and removed the Wheat Producers from the scope of the Co-operative Associations Act. Voting membership is restricted to those holding current marketing agreements, which are in the form of binding contracts with liquidated damages in case of a breach. The members vote directly on questions submitted to referendum, but in the ordinary way their powers are confined to the election of delegates, one for each sub-district, who in turn elect a director for each district. It appears to be possible for a member whose marketing agreement is no longer "current," to remain as a shareholder without voting rights. The company has the right to form ordinary reserves and also special reserves, for the financing of elevators, in which the members have no claim for distribution. A member may be expelled for failure to carry out a membership agreement. Provision is made for arbitration in all other cases of disagreement between members and the Pool. The Act contains a clause providing that grain received by the

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Pool should not be liable to seizure unless money has been lent on the security of the grain in question.

Alberta Wheat Pool Act, 1929—March 20, 1929.

*British Columbia.*—An Act was passed to deal with the situation caused by the insufficient demand for liquid milk and the consequent manufacture of cheese and butter for inferior returns. It provides that on petition of dairy farmers local committees shall be set up with power to spread the difference in value between all milk sold in manufactured form and the liquid price of the same milk over the whole body of producers. For this purpose the committees are empowered to make enquiries, demand information, and collect levies. For the purposes of the Act all dairy farmers must obtain a licence except those selling through a co-operative society, in which case the society must hold licences on behalf of its members. The committees are not empowered to fix prices or methods of disposing of milk.

Dairy Products Sales Adjustment Act—1929.

*Saskatchewan.*—An Act has been passed amending the Co-operative Associations Act (1928) in one or two particulars. In the first place, it is provided that dividends due either to a shareholder or a non-shareholder patron may, by a supplemental bylaw, be credited to him either as loan or share capital, at an interest not exceeding 6 per cent. Loan capital may also at the request of a shareholder be placed to his credit for the purchase of commodities from the Association. Loan capital is withdrawable at ninety days' notice. Secondly, the section dealing with the use of the word "co-operative" is amended as follows: "No person, firm, corporation, or association doing business in this Province shall . . . use the word 'co-operative' . . . unless incorporated by or under the authority of an Act of the Parliament of Canada or an Act of this Legislature."

Act amending the Co-operative Associations Act (1928)—1929.

## IRISH FREE STATE

An amendment to the Agricultural Credits Act was passed increasing the capital of the Agricultural Credit Corporation from £500,000 to a million, shares being divided into "A" shares, bearing interest at 5 per cent., and "B" shares, held by the Minister of Finance, and on which dividends would be paid out of profits only. Shares are to be paid up to the extent of 10s. per share.

Act to amend the Agricultural Credits Act—1929.

## NEW ZEALAND

An agricultural credit Act of 1927 sets up the Rural Intermediate Credit Board with the object of making loans to agriculturists, their associations and co-operative societies, and of creating subsidiary district Boards with the same purpose. Funds are derived from advances up to £400,000 from the Ministry of Finance and from the issue of debentures. The Act provides for the establishment of co-operative credit associations of not less than twenty members with limited liability. The provisions of the Companies Act apply with certain modifications. The object of these associations is to borrow from the Board or any Bank in order to make loans to members on land or chattel mortgage or on personal security for agricultural purposes. Loans are for a maximum of five years and are limited to ten times the shareholding of the borrower. The Board may also lend money to agricultural co-operative societies with a subscribed capital of not less than £2,500 on the security of the society's property in livestock or produce, the loan being limited to 80 per cent. of the value of such property, and is from three months to three years. Loans to individuals are at 6½ per cent. (the discount rate);

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to associations and co-operative societies at 6 per cent. The maximum loan to an individual is £1,000.

Rural Advance Act—1926.

Rural Intermediate Credits Act—1927.

### ARGENTINE

An Act (of which the title was noted in the 1929 *Year Book*) has been passed authorising the National Bank to make special loans to co-operative societies under stated conditions, the loans to be for a period between six months and a year, and with or without amortisation. The National Mortgage Bank is also authorised to make loans up to a maximum of 25,000 pesos to societies for (1) the construction of depots, warehouses, granaries, elevators, creamery and other installations, and (2) the purchase of land to be transferred to the society's members for the construction of houses or farm buildings. Loans may be up to 80 per cent. of the estimated value of land or buildings. The law also provides for the free grant of land alongside railways for the construction of co-operative warehouses and elevators. Certain exemptions from taxation are made in favour of co-operative societies.

Decree creating a section in the Directorate of Rural Economy and Statistics for the registration, inspection, and encouragement of co-operative societies—February 10, 1927.

### BULGARIA

Law amending and completing the law on the Agricultural Bank of Bulgaria—April 13, 1927.

### COLOMBIA

A recent Act authorises Government to buy in the shares in the Agricultural Mortgage Bank formerly held by private persons and to convert the bank into a public institution. In addition to financial undertakings, the bank is authorised to form a section

which will trade in agricultural requirements for the benefit of the peasants. All goods so handled are exempted from customs and other duties, and precautions are taken that they should not pass into the hands of traders. The Government is further prepared to give financial aid in the establishment of factories for the production of fertilisers.

## CZECHOSLOVAKIA

Governmental Decree No. 20, putting into execution the law concerning the regulation of the conditions of association in Sub-Carpathian Russia—March 12, 1927.

## EGYPT

A co-operative service was created in order to carry out the Act of 1927 and to undertake the registration, auditing, and inspection of societies. The act of 1927 provides definitely for societies with unlimited liability and extends the possible objects of societies to include sale, purchase, credit, and insurance. It also provides for the formation of central co-operative societies with the functions of wholesales, and of a co-operative union to undertake educational and supervisory work. The societies are also under the control of a Superior Council under the presidency of the Ministry of Agriculture.

Order creating a co-operative service—October 13, 1927.

## ESTONIA

Law amending the law on co-operative societies, 1927. (This Act deals with the registration of societies and the auditing of their accounts by an independent auditor.)

## FRANCE

A decree was passed in 1927 fixing the rate of interest on long-term loans to agriculturists at 3 per cent. with certain reductions, and the rate to agricultural co-operative societies and syndicates



at 3 per cent. The funds set aside for agricultural credit purposes are allocated in fixed proportions for different purposes, as short, long, and medium term loans, 23 per cent., afterwards raised to 35 per cent., being set aside for loans to "co-operative societies, syndical associations, and associations of collective agricultural interest." In 1928 a further law was passed making certain State grants for purposes of medium-term credit. The law fixing the General Budget for 1928 exempts the interest on loans by agricultural mutual credit banks from the tax on revenue from credits and deposits. All local credit banks must be affiliated to the National Bank of Agricultural Credit. By a decree of 1928 the rate of interest on deposits at sight is left to be fixed by the Minister of Agriculture; interest on deposits at long term must be lower than interest on shares. Any deposits in excess of the amount which must legally be retained by the local society for current business must be transferred to the regional banks; these in turn transmit their surplus to the National Agricultural Credit Bank or the Bank of France. Interest on short-term loans is never less than 3 per cent., and must not be less than the interest on shares or more than 1 per cent. over that on the Bank of France advances. On the dissolution of a society any spare funds must go to an agricultural institution. Certain modifications are introduced into the borrowing powers of societies; their relations with the Regional and Central Banks; methods of accounting; the election of committees; the reserve fund; and the State control of societies accepting advances. A further decree accords advances, up to 250,000,000 frs., from the State to the National Agricultural Credit Bank at 2 per cent.

A new Social Insurance Act was recently passed which is naturally concerned in the main with employed workers. It contains, however, provisions enabling peasants to become voluntary contributors under the health insurance scheme, and in

certain circumstances also in connection with the old age and disablement funds, through an insurance co-operative society already in existence or to be specially formed. Such societies may establish "primary funds," on a contributory basis with a State subsidy, to be used for insurance purposes. The Superior Council of Social Insurance includes two co-operative members, one representing producers and the other consumers.

In French Indo-China an order has been issued regulating the constitution of provincial banks and the terms on which they may benefit as distributors of popular agricultural credit. One bank is permitted for this purpose in each Province and authorised to make loans to agriculturists, "collectives," and communes for the purchase of land, stock, or agricultural requirements, or to cover the expenses of harvesting and processing crops, irrigation, drainage, etc. The banks may borrow and may create reserves out of profits. They may be entrusted with the distribution of relief funds in cases of floods, epidemics, etc. They may dispose of land coming into their possession through mortgage. The constitution and administration of the banks is laid down in detail by the order.

A step of some importance has been taken in the French West Indies by an Act authorising the formation of mutual agricultural credit banks and agricultural co-operative societies in the islands of Guadeloupe, Martinique, and Réunion. Banks for agricultural objects only may be formed by agricultural syndicates, mutual insurance societies, co-operative societies, or associations of proprietors or by their members individually. Seven members are required for registration; shares are only transferable by consent of the bank. The bank is of unlimited duration; accounts are public and publicly inspected. The bank may make short and medium term loans to members, the latter being usually up to five years on some recognised security and amortisable at the rate

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of 20 per cent. annually. Long-term loans must be submitted to the central banks. Individual long-term loans must not exceed 30,000 frs., repayable by annuities over twelve years; the rate of interest is fixed at 2 per cent. below the bank rate, and must not exceed 4 per cent. Interest on loans is fixed by the Governor at not less than that on shares or more than 1 per cent. above the bank rate. Local societies invest their resources partly in current account, partly in shares with the central banks, one of which is to be set up in each island with the functions of discounting the local bank's short-term paper, providing credit to the local banks and making long-term loans to the local banks' individual members, receiving deposits from members and non-members, investing its surplus funds in approved securities, receiving grants from Government and controlling the local banks. A good deal with regard to their internal management is left to the discretion of the local banks, but certain points are fixed. Interest on shares must not exceed 6 per cent., or the rate on short and medium term loans. At least three-quarters of profit must be carried to reserve. In case of liquidation the assets of the society having received Government assistance must be used for some public agricultural purpose. The Act provides for the formation of agricultural syndicates, mutual insurance societies (authorised to receive State subsidies), co-operative societies, and proprietors' associations for purposes such as drainage and irrigation. All these may become members of credit banks and utilise them like individuals. Agricultural co-operative societies may undertake: (1) production, manufacture, or marketing; (2) supply; (3) collective provision of machinery, electricity, etc. Membership is confined to agriculturists; no member may have more than ten votes. Profits are to be distributed on business done, with an allocation of 40 per cent. to reserve. The value of shares is invariable. After liquidation assets go to some agricultural

purpose. Members are pledged jointly and severally for the repayment of advances from credit banks, but general liability is not specified. The Government is authorised to advance to the central bank from funds derived in part from sums contributed by the commercial banks of the three islands on the renewal of their privileges. A "Consultative Committee of Credit, Mutuality, and Agricultural Co-operation" is appointed by the Governor from official elements.

Law completing the law of May 7, 1917, on the organisation of credit to consumers' societies—July 3, 1925.

Law fixing the conditions of application to the Colonies of the law of March 7, 1925, relating to societies with limited liability—January 13, 1927.

Law on grants of credit to artisans—March 26, 1927.

Decree modifying the decree of October 9, 1920, relating to the composition of the Central Committee, with power over the decisions of the special committee controlling co-operative reconstruction societies—March 30, 1927.

Law opening and closing credits for the year 1926, as relating to the general budget and the budgets annexed—March 31, 1927.

Decree fixing the rate of loans at long term to individuals and corporations in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation—April 7, 1927.

Letter of Registrar-General concerning fishermen's local credit banks—April 9, 1927.

Circular letter on taxation as affecting workers' productive societies—May 4, 1927.

Decree modifying the division of funds constituting the endowment of agricultural credit—August 17, 1927.

Law opening and closing credits for the year 1927 as relating to the general budget and the budgets annexed—December 9, 1927.

Decree regulating the administrative account of the National Agricultural Credit Bank for 1926—December 11, 1927.

Law confirming the general budget for the year 1928 (sections dealing with loans to agricultural mutual credit banks)—December 27, 1927.

Law modifying the law of April 1, 1898, relating to societies for mutual aid—December 28, 1927.

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Decree prolonging the delay granted to popular banks to enable them to bring their rules into harmony with the provisions of December 27, 1923—December 31, 1927.

Decree fixing the rate of interest on advances granted by the State to workers' productive and credit societies—January 14, 1928.

Decree modifying the decree of April 7, 1927, fixing the rate of interest on long-term loans granted in accordance with the law of August 5, 1920, on Mutual Credit and Agricultural Co-operation—March 3, 1928.

Decree fixing a new division of the agricultural credit funds between different types of loans—March 9, 1928.

Law opening and closing credits for the year 1927 as regards the general budget and budgets annexed—March 19, 1928.

Law modifying the law of December 30, 1925, on maritime mutual credit—March 28, 1928.

Decree relating to the reduction in the maximum rate of interest on loans accorded by housing organisations—April 4, 1928.

Law on social insurance—April 5, 1928.

Decree concerning the legal position of co-operative reconstruction societies formed by owners of property damaged in the war—June 9, 1928.

Monetary Law—June 25, 1928.

Decree fixing the rate of interest on advances granted to artisans' co-operative societies and their unions—July 5, 1928.

Law authorising popular banks to amend their rules in order to make advances to artisans according to the terms of the law of July 10, 1928.

Law approving a programme of cheap housing—July 13, 1928.

Law facilitating through State advances the granting of medium-term loans in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation, with the object of intensifying agricultural production—July 15, 1928.

Decree modifying the allocation of funds for agricultural credit amongst the different types of loans—August 11, 1928.

Decree relating to the application of the law of July 15, 1928, facilitating by means of State advances the grant of medium-term loans in accordance with the law of August 5, 1920, on mutual credit and agricultural co-operation, with a view to encouraging the intensification of agricultural production—August 28, 1928.

Decree relating to Article 90 of the law of December 19, 1926, authorising the National Agricultural Credit Bank to receive deposits directly—August 28, 1928.

Decree relating to the application of Article 21 to the law of July 13, 1928, on regional agricultural mutual credit banks—October 20, 1928.

Decree fixing the rate of interest of advances granted by the State to industrial co-operative societies for production and credit—January 5, 1929.

Decree fixing for the year 1929 the rate of interest on individual and collective loans at long term under the law of August 5, 1920—February 15, 1929.

Order of the Ministry of Agriculture regulating the election of delegates to the full commission of the National Agricultural Credit Bank—January 9, 1929.

Order of the Ministry of Finance instituting a Commission on the fiscal status of agricultural co-operative societies—February 4, 1929.

Orders with regard to the personnel of the above Commission—February 13, 1929.

Decree and order on the recruitment of inspectors of agricultural associations and credit institutions—February 21 and March 4, 1929.

Decree regulating the administration of the law of April 5, 1928, on social insurance—March 30, 1929.

Decree regulating the public administration of the decree of February 9, 1921, on the law of August 5, 1920, on mutual credit and agricultural co-operation—April 4, 1929.

Order of the Minister of Agriculture fixing the rate of interest for agricultural mutual credit banks—April, 10, 1929.

Law modifying the law of December 27, 1923, on the organisation of credits to artisans' co-operative societies and their unions and to small artisans—May 1, 1929.

Decree modifying the allocation of agricultural credit between the different categories of loans—May 17, 1929.

Decree nominating a Commission for distributing assistance to societies for consumers' co-operation and their unions—May 26, 1929.

Law modifying the law of August 5, 1920, on mutual and agricultural co-operation—July 14, 1929.

Law modifying the law of March 13, 1917, having for its object the organisation of credit to small and medium commerce and industry—July 24, 1929.

Law facilitating by means of State advances long-term credit operations affected on the application of the law of August 5, 1920, on mutual credit and agricultural co-operation—August 4, 1929.

Order modifying the order of May 19, 1921, relating to grants to credit institutions and to their control—July 20, 1929.

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*Algeria.*—Order creating compulsory associations for protection against locusts—December 28, 1926.

Decree authorising maritime mutual credit societies to receive grants from local and State authorities—June 11, 1929.

Decree concerning the fiscal position of the Algerian Land Bank—June 19, 1929.

*French Guiana.*—Order No. 583, modifying Article 19 of the order of July 6, 1925, instituting the Agricultural Credit Bank of Guiana—July 1, 1927.

*Indo-China.*—Order regulating the organisation and functioning of popular agricultural credit in Indo-China—July 21, 1927.

Order modifying the first paragraph of the order of July 21, 1927, on popular agricultural credit—December 10, 1927.

*Martinique.*—Decree approving a decision of the General Council conferring sundry fiscal privileges on agricultural mutual credit—December 10, 1928.

Decree organising agricultural credit, mutuality, and co-operation in Guadeloupe, Martinique, and Réunion—July 5, 1929.

*Tunis.*—Decree making a grant to the Public Office of Native Agricultural Credit—February 2, 1927.

Decree approving certain modifications in the Statutes of the Public Office of Native Agricultural Credit—May 20, 1927.

Decree relative to the price of Crown land attributed to natives at the Public Office of Native Agricultural Credit—July 23, 1927.

Decree organising credit for small artisans—July 30, 1927.

Order regulating the application of the above decree—September 10, 1927.

### GERMANY

An Act to amend the Act on co-operative societies—1926.

### GREECE

A Bill for the organisation of agricultural services was before the Greek Chamber in the spring of 1929. It provides for the establishment, under the Ministry of Agriculture, of a service for the study of agricultural problems, including co-operation; it will organise land and agricultural credits and the re-establishment of

landless peasants and refugees. The division of agricultural economics will have the duty of guiding, supervising, and strengthening the agricultural co-operative movement, of carrying on propaganda for the establishment of co-operative societies, and of bringing about the federation of those already existing. It will establish loan and other special agricultural banks. The Bill further provides for technical agricultural training organised round provincial centres.

Decree-Law creating agricultural banks—January 12, 1926.

### GUATEMALA

Decree approving the rules of the confederation of agricultural societies of the Republic—January 31, 1927.

### ITALY

Royal Decree-Law No. 2290, concerning the organisation of general warehouses—July 1, 1926.

(These warehouses are intended for the storage of home-grown or imported crops; they issue certificates to the depositors of goods which are subsequently disposed of by "voluntary or forced sale." It is difficult to say if any co-operative element enters into these transactions.)

Royal Decree No. 2225, approving the rules of the provincial Fascist federations of syndicates of agriculturists, and of provincial syndicates of agriculturists—December 12, 1926.

Royal Decree-Law No. 2288, concerning the control of the working of co-operative societies and the foundation of a National Institute of Co-operation—December 30, 1926.

Royal Decree No. 2316, concerning the legal recognition of associations of rural banks, of agricultural banks and auxiliary bodies—December 30, 1926.

Royal Decree-Law No. 196, fixing the limitations of shareholding in co-operative societies—February 10, 1927.

(The law fixes the limit of individual shareholding at 30,000 lire, and lays down that the nominal value of shares must not be less than 100 or more than 500 lire.)



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Royal Decree No. 241, making temporary dispositions with regard to declarations and obligatory syndical contributions for the year 1927—February 24, 1927.

Law No. 531, making law the Royal Decree-Law of July 1, 1926, concerning the use of the words " mutual " and " popular " by credit establishments—April 14, 1927.

Royal Decree No. 718, assimilating the business of co-operative enterprises to those of syndicates—May 19, 1927.

Royal Decree No. 1244, conferring legal personality, on the national Fascist federations of producers of artificial textiles, pottery, and similar products, also chemicals for agricultural purposes—May 19, 1927.

Law No. 1274, making law the Royal Decree of August 13, 1926, making arrangements for the liquidation of consortiums and co-operative societies—June 16, 1927.

Royal Decree-Law No. 2312, making arrangements for the improved functioning of hydraulic consortiums and improvements in tenure—October 27, 1927.

### JAPAN

A recent Japanese law provides for the formation of co-operative societies of emigrants or of persons interested in promoting emigration. The society may loan money to intending emigrants and may provide for the purchase or leasing of land, buildings, etc., in the country to which they go, as well as for the establishment of schools, hospitals, stores, etc. They may assist non-members if it is so provided in their rules. Only one society may exist for each prefecture, and they may federate in a national organisation. The maximum share is fixed at 50 yens for a society and 500 yens for a federation. Systems of internal government, public inspection, etc., are similar to ordinary co-operative societies.

Law No. 25, concerning associations for overseas colonisation—March 29, 1927.

Imperial Ordinance No. 100, fixing a date for the application of the above—April 28, 1927.

Order No. 14 of the Minister of Justice, making rules for the registration of associations for overseas colonisation—April 30, 1927.

Order No. 28 of the Minister of the Interior, making rules for the application of the law on associations for overseas colonisation—April 30, 1927.

Imperial Ordinance No. 161, applying to Japanese Sakhalin a part of the law on agricultural associations—June 4, 1927.

*Formosa*.—Edict No. 8 of the General Government of Formosa amending the regulations of co-operation in Formosa—December 18, 1926.

Order No. 85 of the General Government of Formosa, amending Order No. 66 of 1917, making rules for the application of rules concerning co-operation in Formosa—December 18, 1926.

*Karafuto*.—Order No. 25 of the Government of Karafuto, making rules for the application of the law on agricultural associations—July 20, 1927.

### LUXEMBOURG

Law conferring civil personality on associations aiming at the creation and administration of savings and credit banks—June 26, 1927.

(These associations receive the benefits of the law on agricultural associations provided they conform to its provisions.)

Order modifying the orders of November 19, 1900, and June 29, 1925, concerning the organisation of savings banks and land banks—December 23, 1927.

### MEXICO

A new co-operative law was passed in 1927. The use of the word "co-operative" is limited to societies registered under the Act. Societies acquire legal personality and are enrolled in a special public register. Societies may be of three classes—agricultural, industrial, and consumers'—and may be either local societies with peasant or worker members, or federations with a membership of societies. Agricultural co-operative societies must be with unlimited liability. They may undertake the following functions: (1) credit, (2) production, (3) labour, (4) insurance, (5) construction, (6) transport, (7) sale, (8) purchase. Federations may be with limited liability. Profits must be distributed as follows: 20 per cent. to reserve, 10 per cent. to the administrative council, and 70 per cent. to the shareholders. Societies are

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accorded certain exemptions from taxation; they are subject to the official control of the National Banking Commission.

Circular No. 11106, providing that the contracts of agricultural credit institutions are exempt from stamp duty—December 22, 1922.

General law on co-operative societies—January 21, 1927.

Decree amending Article 97 of the Agricultural Credit Law of February 10, 1926, concerning the credit privileges originally created in favour of the bank—August 20, 1927.

### PORTUGAL

Certain amendments have been made in the law on agricultural mutual credit. The maximum loan for the purpose of paying off a mortgage debt has been raised from \$3,000 to \$15,000, and the maximum loan for the purchase of long leases from \$2,000 to \$4,000. The purposes for which loans may be made are extended to include the following: (1) purchase of an agricultural holding and land for house building, provided the holding has formed part of an estate over 200 hectares; (2) purchase of land in order to increase an existing holding to economic proportions. Not more than a quarter of the funds of an agricultural credit bank may be employed for these two purposes, and loans must not exceed 50 per cent. of the land to be purchased. Loans are divided in accordance with duration into (1) loans up to twelve months with the possibility of extension to twenty-four months for the purpose of buying seed and plants, the payment of rent, the discount of agricultural warrants, the holding or processing of crops, the purchase of implements and machinery, also for the purchase of agricultural requirements by co-operative societies for the benefit of their members, or their processing or sale of members' produce; (2) loans up to fifteen years for the payment of mortgage debts, the purchase of long leases, the execution of improvements in the land and for technical im-

provements, also for the construction of buildings, etc., by agricultural societies for agricultural or zootechnical purposes. Agriculturists and their societies are forbidden to belong to more than one credit bank. The law modifies the method of operating the General Agricultural Credit Bank, the mutual agricultural credit banks, and the agricultural co-operative societies. The rate of interest on loans granted by the General Agricultural Credit Bank, as well as the rates for renewing loans, are fixed by the Junta of Agricultural Credit. These rates, in the case of mutual local agricultural credit banks, are fixed by the banks themselves, but always at a figure below the discount rate of the Bank of Portugal. Agricultural credit operations have always been entered into with the agricultural associations, but associations formed with the object of purchasing for their members material for agricultural and zootechnical purposes are now included. A recent decree deals with the transfer of \$2,500,000 from the Bourse Agricole to the General Agricultural Credit Bank.

Decree No. 13:321 modifying the Decree No. 10:071 on the activities of banks and exchanges—March 24, 1927.

Decree No. 13:734, modifying the law on agricultural mutual credit—May 31, 1927.

Decree No. 14:080, fixing the maximum capital which each member may subscribe to a co-operative society—August 11, 1927.

Decree No. 14:207, making certain regulations with regard to agricultural credit operations—August 30, 1927.

Revised publication of Article 5 of the Decree No. 13:734, modifying the law on agricultural mutual credit—December 8, 1927.

## RUMANIA

Co-operative Code—July 12, 1928.

Law on Co-operation—March 25, 1929.

(These laws are treated in detail in the article on co-operation in Rumania.)

## SPAIN

A compulsory consortium of the rice industry has been established in the Provinces of Valencia, Castellon, Alicante, and Tarragona, other Provinces having the option of joining on the request of a majority of those interested and with the consent of the superior committee. The members of the consortium are the cultivators, the owners of rice-fields, the manufacturers, merchants, and exporters of rice. It is directed by a Commission composed partly of official elements, partly by representatives of the different interests involved and the different rice-cultivating areas. Relations with the Government are maintained through the Superior Committee on Rice, a section of the National Economic Council. The Chambers of Rice Cultivation and the local producers' associations, which either exist now or may be formed, will assist in the work of the consortium. The consortium has the following objects: (1) to establish a just and equitable relationship between the distinct factors which determine the cost of production; (2) to increase the home consumption of rice; (3) to adjust foreign demands to home requirements; (4) to develop co-operative organisations and the co-operative spirit in production and marketing; (5) watch over the market reputation of the product; (6) prevent speculation; (7) to make advances and to organise other forms of credit in favour of members, with a view to facilitating the production and marketing of rice; (8) prepare statistics. The funds of the consortium will be derived from entrance fees, from a maximum charge of 2 pesetas 50 cm. on every metric quintal of prepared rice, by a small annual levy and by the proceeds of the tax on the transport of exported rice which will be put at its disposal by the State. The proceeds of the first and last will be set aside as a credit fund for making advances to producers and encouraging co-

operation as an agent of improvement and a factor in reducing the cost of production. A preliminary commission was formed to draw up rules for the consortium, and provided with funds by means of a loan of 1,500,000 pesetas from the National Agricultural Credit Service.

Royal Ordinance concerning the co-operation of the national "Positos" with the National Mutual Association for agricultural and stock insurance—February 21, 1927.

Royal Ordinance approving the constitution of the Hydrographical Syndical Confederation of the Segura—March 16, 1927.

Royal Decree-Law concerning the Hydrographical Syndical Confederation of the Duero—June 22, 1927.

Royal Decree creating and establishing a National Rice Consortium in Valencia—November 20, 1927.

### UNION OF SOCIALIST SOVIET REPUBLICS

Certain developments have taken place in the co-operative law of the Soviet Union, having as their main objects to define further the relations between agricultural co-operation and the State. Central and local authorities are directed to encourage co-operative organisation; the relations between co-operative associations and State enterprises are to be put on a more regular basis, and in the case of the supply of certain products, regular seasonal contracts are to be drawn up; in these circumstances specially favourable terms are to be accorded to co-operative societies. The people's commissioner for trade is further instructed (1) to see that co-operative societies receive a sufficient price for their products to ensure a profit for the building up of capital, as well as to cover all costs of production; and (2) to restrain local authorities from meddling in co-operative activities. In addition to the fixed prices paid by Government undertakings to co-operative societies, the former also pay a certain percentage to the central co-operative organisations, to be used as

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a bonus to agricultural co-operatives who have not a free market for their products. Compulsory supplies may only be demanded of co-operative societies with the consent of the Soviet of Labour and Defence and the economic councils of the federated republics; adequate credit must be furnished on demand of the co-operatives, payment must not be delayed, and a minimum profit must be guaranteed. Certain provisions are made with a view to preventing competition between Government enterprises and co-operatives in importation and sale of agricultural requirements. Further, co-operative societies are to be compensated for any losses incurred in exporting under compulsory State schemes. An amendment to this order deals with the relations between producers' and consumers' organisations. Somewhat similar legislation has been passed with regard to the relations between forestry co-operatives and on the one hand Government enterprises, and on the other co-operative organisations using timber. Earlier legislation dealt with the relations between State industry and consumers' co-operatives. The law emphasises the position of the consumers' co-operatives as the principal distributors of industrial products to the consumers, and lays down the methods by which they may receive supplies from State enterprise under general agreements. Consumers' co-operatives have first claim on such supplies and have also privileges in the matter of early deliveries, credits, etc.

Considerable attention has been paid to a reorganisation of the agricultural credit system. The credit system functions through the Central Agricultural Bank of the U.S.S.R., the agricultural banks of the Federated Republics, the local agricultural credit banks (agricultural credit societies), and the agricultural credit co-operatives. The Central and Republican banks are in the form of joint stock companies, but at least 51 per cent. of their shares must be held by Government organi-

sations and enterprises. Certain type rules for local credit banks are drawn by the People's Commissioner for Finance, and are modified by the Governments of the Republics. The working of the Central Bank is supervised directly by the People's Commissioner for Finance, all subsidiary credit institutions being controlled by the Governments of the Republics. The Central Bank has the right to draw up for submission to the Government a credit policy for the Soviet Union, which shall include the rates of interest payable by the different credit institutions. The State Bank has the right to participate in the management of all credit institutions formed with the support of State capital. Its participation in other credit institutions is increased, and the bank has the right to control the use of credits which it has opened. All the free reserves of banking institutions are to be invested in the State Bank, and credit may only be opened in the State Bank in the case of institutions forming part of the agricultural banking system and other local communal bodies. Methods of collaboration between different credit institutions are legally fixed. At the same time as a positive system of credit is being laid down, legislation has been passed making usury (defined as the making of loans at a certain rate above the bank rate) a penal offence.

The centres of co-operative credit are consulted, or, at least, their position carefully considered when any legislation is passed. Co-operative credit societies are divided into artisans' and agricultural societies. Agricultural societies form part of the agricultural co-operative system, and may accept other co-operatives as members of unions and local societies, provided credit societies form a majority. Their work is to make loans to members and to accept their savings on deposit; they are instructed to help in the disposal of members' products and to supply them with the means of production. Each credit society must have at least



fifty members, and each union at least five. Membership of more than one credit co-operative, or of a credit co-operative and a local credit bank, is not allowed. The order fixed in detail the internal government and procedure of credit societies.

Certain regulations have been issued regarding the allocation and amortisation of State loans constituting the foundation capital of agricultural credit societies (local agricultural banks) either already existing or to be formed, and of their unions. Loans are made only after preliminary investigation, and to societies organised in conformity with the law. Loans must be between 2,000 and 10,000 roubles for each local, and not less than 50,000 for each union, provided that no loan shall exceed twice the paid-up capital of the society. Loans are for ten years, at the rate of 8 per cent. per annum. Amortisation takes place after three years, at the rate of 5 per cent. for the first year, 10 per cent. for three years, 15 per cent. for the same period, and 20 per cent. in the final year. The foundation capital of the society must not be reduced by the repayment of the loan, and the society is consequently obliged to deduct annually from profits a sum equal to the amortisation. This sum must not be less than 50 per cent. of the total profits prior to the extinction of the debt. This rule applies also to societies obtaining loans from elsewhere. Interest on such loans must not exceed 4 per cent. Credit societies may form "special capitals" for the purpose of undertaking trading operations or the organisation and exploitation of productive enterprises, for which they may obtain State loans on similar terms. It is further laid down that it is the duty of the State Bank, the Central Agricultural Bank, and other State and co-operative credit institutions, to finance the operations of agricultural co-operative societies both in supplying the requirements of agriculture and in marketing the produce. Bank credits to agricultural co-operatives for the supply of agricultural products

to Government enterprises, for export or for home consumption, are to be opened direct by the agricultural co-operative system. But in the case of supplies of an essentially industrial character, for which agricultural co-operation is not yet strong enough, credits may be opened, in exceptional cases, by industry. In these cases the rules regarding the opening of credits, their functions and destination, are laid down in detail. Rules are also made for the opening of credits in favour of co-operatives purchasing agricultural requirements.

The legal position of co-operative societies, especially consumers' societies, with regard to taxation has undergone some readjustment in the last few years, but seems to be reaching stabilisation on a favourable basis, since co-operative societies are more lightly taxed, not only than private industry, but also than Government enterprises. Dividend on purchase paid by consumers' societies is exempt from income tax, and it seems probable, though it is not perfectly clear, that the same exemption applies to the patronage dividend of agricultural societies. With regard to trade tax (calculated on turnover), consumers' societies with an annual turnover under 20,000 roubles are exempt altogether, and others pay at a rate reduced by 0·2 per cent. on that paid by private and State industries. The turnover from one co-operative society to a superior organisation in the same system (for example, between the local society and the wholesale) is exempt from taxation. Such levies as the consumers' co-operatives are liable to pay are calculated on the same basis as for the State enterprises.

Some additional provisions have been made with regard to the liquidation of co-operative societies. Societies may cease to function with liquidation of their business and property—

- (1) on expiration of the period for which the society was founded;
- (2) on the reduction of members below the stipulated number;

(3) by order of the court on insolvency; (4) on failure to comply with the rules or action hostile to the State; (5) at the decision of the General Meeting. In the case of (3), liquidation is carried out under a special law. In all cases the interests of creditors are safeguarded. Societies may amalgamate without liquidation, or one society may divide into two or more independent units.

By decree the central union called "Centrosoyus" is made the organisational and economic head of the entire consumers' movement, which it represents in relation to the State. It is authorised to import and export, conclude agreements with industrial and commercial concerns, and undertake storage of agricultural products and raw materials. Membership of consumers' societies has for some years been confined to enfranchised persons—that is, workers. By a recent decree, unenfranchised persons may become members of a rural consumers' society, but may not exercise the right of active or passive voting—that is, they may not elect or be elected to any of the managing committees.

Law on the relations between State industry and the consumers' co-operatives—August 18, 1926.

Law on the taxation of co-operative organisations—October 15, 1926.

Order sanctioning the system of agricultural credit—January 7, 1927.

Order sanctioning the system of co-operative credit—January 18, 1927.

Order concerning the liquidation of peasant shareholdings in agricultural credit societies—February 4, 1927.

Order instituting measures for confirming and developing agricultural co-operation—February 25, 1927.

Order relating to the issue of the third Government loan with bounty in favour of the peasants—March 11, 1927.

Decree on handicraft co-operation—March 11, 1927.

Order authorising the Central Agricultural Bank of the U.S.S.R. to issue a loan by bonds guaranteed by the State for the nominal sum of 100 million roubles—March 31, 1927.

Order amending the order of February 25, 1927, instituting measures for confirming and developing agricultural co-operation—April 29, 1927.

Order concerning the industry of artisans and professional co-operation—May 3, 1927.

Order concerning the coming into force of the regulation on professional co-operatives—May 11, 1927.

Order concerning exemptions from stamp duty in favour of professional co-operatives—May 11, 1927.

Ruling concerning professional co-operatives—May 11, 1927.

Order sanctioning the regulations for the cessation of co-operative organisations by liquidation, fusion, or division—June 15, 1927.

Order sanctioning the order on the principles of a system of credit—June 15, 1927.

Order sanctioning the rules of societies with shares—August 15, 1927.

Order on usury—August 17, 1927.

Decree on housing co-operation—August 19, 1927.

Order giving instructions on the conditions and methods of allocating and amortising loans for the foundation capital of agricultural credit societies and their unions on account of funds allocated to this purpose in the State Budget of the U.S.S.R.—August 30, 1927.

Order giving instructions concerning the methods of allocating and amortising loans for special capital funds of agricultural credit societies and their unions—August 30, 1927.

Order indicating measures to help in the development of branch activities by co-operative credit societies—August 31, 1927.

Order amending the order of December 7, 1926, concerning the exemption of co-operative organisations from taxation—September 7, 1927.

Order amending Article 7 of the regulations concerning the accounts of industrial and commercial enterprises and credit institutions—September 27, 1927.

Order concerning the working of bank credit operations by agricultural co-operative societies—October 14, 1927.

Order concerning the working of forestry co-operative—October 14, 1927.

Order proroguing, as far as credit co-operatives are concerned, the order of July 22, 1924, concerning the restitution of the property of agricultural, industrial, and credit co-operatives—October 15, 1927.

Ruling concerning the banking committee of the people's commissariat of finance for the U.S.S.R., and banking councils for the people's commissariats of finance for the republics of the Union—October 31, 1927.

Order amending Article 7 of the order of May 20, 1924, concerning consumers' co-operatives—November 23, 1927.

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Law exempting the patronage dividends of consumers' co-operatives from income tax—December 14, 1927.

Decree on rural consumers' co-operatives—January 11, 1928.

Order confirming the Rules of the All-Union Central Organisation of Consumers' Societies—May 24, 1928.

Law on the trade tax, August 10, 1928.

*Russian Social Soviet Federated Republic.*—Decree ratifying the ruling for unions of disabled persons' co-operative societies—July 5, 1926.

Decree amending and completing the rules of rural credit societies—September 15, 1926.

Order sanctioning the rules of apprenticing artisans and home workers as well as industrial co-operatives and workers' artels—April 20, 1927.

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### UNITED STATES OF AMERICA

A Federal Act was passed in 1927 to prevent discrimination against co-operative associations by Boards of Trade. It was laid down that Boards of Trade dealing in the sale or purchase of agricultural produce may not exclude from participation duly authorised representatives of any legally constituted and administered co-operatives composed essentially of producers of agricultural products, provided that such an association possesses sufficient financial responsibility and has satisfied the conditions imposed.

Legislation of considerable importance was passed in the summer of 1929 under the name of the "Agricultural Marketing Act." In the first paragraph it is "declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilise the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products." It is proposed to so do (1) by minimising speculation; (2) by preventing inefficiency and waste in distribution; (3) by encouraging co-operation among producers; (4) "by aiding in preventing and controlling surpluses in any agricultural commodity." For this purpose a Federal Farm Board is created, consisting of the Secretary of Agriculture and eight members

appointed by the President with some regard to the representation of agricultural areas. The members of the Board are paid, and retire in rotation. The Board is authorised to designate any appropriate product as an agricultural commodity within the meaning of the Act and invite co-operative associations handling such product to form an advisory committee for that commodity to report to the Board and collaborate with it. The Board is empowered to (1) promote education in co-operative marketing; (2) encourage the formation and development of co-operative associations; (3) keep advised as to the home and foreign markets; (4) investigate over-production and advise on its prevention; (5) investigate technical improvements in agriculture and marketing. The Board is entrusted with a revolving fund of \$500,000,000 to be used for these specified purposes.

Loans may be made to co-operative societies for (a) marketing; (b) construction or acquisition of marketing facilities for storing, processing, etc.; (c) formation of clearing-house associations; (d) propaganda for increased membership; (e) advances to members on goods delivered. Loans under (b) are only to be made where such facilities do not already exist at reasonable charges, either in co-operative or private hands, and may not be for more than 80 per cent. of their value, the loan to be amortisable over a period up to twenty years. The rate of interest on loans and other advances is equal to the lowest rate on any Government obligation after a certain date, and may not exceed 4 per cent. No loan or insurance agreement shall be made which is likely to increase unduly the production of any commodity of which there is usually a surplus.

The Act goes on to recognise a new form of organisation, the "stabilisation corporation," which appears to have most of the characteristics of the co-operative pool. When it deems it desirable the Board may recognise as a stabilisation corporation any

properly constituted federation of co-operative marketing societies, which thereby becomes entitled to act as marketing agency for its members and also to buy up the commodity in question from non-members, and, further, to receive loans from the revolving fund to assist in its operations. At least 75 per cent. of its profits shall be paid into a "merchandising reserve fund" until the fund has reached adequate dimensions. The remainder of profits shall go to the repayment of loans and the provision of a patronage dividend. At the request of the commodity advisory committee the stabilisation corporation may undertake to control any surplus and may obtain loans from the Board for this purpose, provided it maintains adequate reserves. The stabilisation corporation is not authorised to hold up supplies to the detriment of the home consumer. The stabilisation corporation shall submit its accounts to audit by the Board. In addition to stabilisation corporations, the Board is authorised to assist in forming clearing-house associations in co-operative form, but of which private dealers as well as co-operative associations may become members, whose functions shall be "to effect the economic distribution of the commodity . . . and to minimise waste and loss in marketing."

The Board is further authorised to enter into agreements "for the insurance of co-operative associations against loss through price decline" where coverage is not available from private agencies and other circumstances justify the step. The Board may make small advances for this purpose from the revolving fund, but these must be repaid as soon as possible from premiums.

An appropriation is made for the working expenses of the Board. The Board is to collaborate with other Government services; its accounts are submitted to Government inspection. "Co-operative Association" is defined as an association under the "Act to authorise association of producers of agricultural products" (February 18, 1922), but, where there are no co-operative associa-



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tions in a position to represent the commodity, other producer owned and controlled associations may be admitted to the same privileges. Penalties are laid down for speculation by members and officials of the Board and for disclosures of information by these or persons connected by co-operative associations and others connected with the working of the Act.

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# THE HORACE PLUNKETT FOUNDATION

## I.—ITS WORK AND AIMS

BY

H. F. NORMAN.

(Republished by courtesy of *The Northern Whig*.)

THE growing recognition by farmers in nearly all civilised countries that the days of unlimited competition between individuals working in isolation on the farm are rapidly approaching their close is, I feel confident, shared in Northern Ireland. Recent references in *The Northern Whig*, the *Irish Breeder*, and other Ulster papers to the co-operative movement and to its veteran Irish pioneer, Sir Horace Plunkett, have suggested to me that an account of the organisation formed to continue his work, not only in the country of its origin, but throughout the English-speaking world, and ultimately, perhaps, even beyond it, may prove helpful to some of the workers who are bringing that work to fruition, and informative to other readers. For, whilst to many the word "co-operation" has a comradely and wholesome sound, not all of these realise that it stands at once for an ideal, a policy, and a technique.

I can, perhaps, best explain these cognate but distinct aspects of the co-operative movement by stating just what the Horace Plunkett Foundation stands for, and I cannot say it better than in the words of the trust deed, under which the foundation was inaugurated. "It has been," runs this document, "the main interest of the donor's life to work for moral, social, and economic development . . . being most fully convinced that the prosperity

of the rural community depends not only on greater efficiency in the methods of the farming industry, but also the development of a good rural social life . . . in particular, desiring that there should be greater facilities for the systematic study of the principles and practice of agricultural and industrial co-operation . . . in the worldwide spread of which principles is to be found a growing and enduring bond of international sympathy, based on the sure foundation of the democratic ideas which underlie true co-operation. . . ." The deed proceeds, in the necessary phraseology, to appoint trustees to administer funds of which his gift of £20,000 formed the nucleus, a gift followed up by a further donation of £15,000 to be used for the Foundation's Irish work. (This work being of a purely educative character, must not, of course, be confused with the organisation and inspection carried out in Northern Ireland by the U.A.O.S., and in the Free State by the I.A.O.S., of which the former—now a separated autonomous body—is an offshoot.)

Certain subscriptions from friends of agriculture, furnished annually, but which are slow to mature, together with a subvention from the Empire Marketing Board, hypothecated to specified surveys and publications, including the *Year Book of Agricultural Co-operation*, form the funds administered by the trustees. Their last Report showed an expenditure of over £4,200 (over £3,000 of which was in connection with the Empire Marketing Board) against an income of £2,888—a position involving, of course, the depletion of capital by over £1,000.

Income and expenditure will only interest the general reader if he feels that here is a cause in which his Irish and British, and his international—in a word, his human sympathies, prompt him to an understanding, perhaps even to a participating, sympathy. We must turn, then, to what the Foundation actually does; but, before doing so, it should be said at the outset, and emphatically,

that the Foundation has no political axe to grind; its concern with hatchets, if any, is but to bury them.

The direction in which the Trust expends its funds has been determined mainly by its first important public act, the convening of a conference on agricultural co-operation in the British Empire during the 1924 exhibition at Wembley, perhaps the most representative body of its kind ever assembled. It included, amongst the chairmen presiding at its eight successive sessions, the then (and now) Minister of Agriculture of Great Britain, the Right Hon. Noel Buxton; Senator Harold Barbour; Col. Sir Archibald Weigall; the High Commissioner for New Zealand, Sir James Allen; the High Commissioner for Australia, Sir Joseph Cook; the High Commissioner for the Irish Free State, now its Governor-General, Mr. James M'Neill; Mr. Dermod O'Brien; and Dame Meriel Talbot, and at which the speakers included Sir Daniel Hall, F.R.S.; the Prime Minister of Saskatchewan, the Hon. C. A. Dunning; the Deputy Minister of Agriculture; and several Irish, British, and Colonial publicists. The Conference unanimously outlined a common policy applicable to all the countries represented.

This policy affirmed the essential importance of agriculture to Empire well-being and the dependence of agriculture upon the application of scientific knowledge to farming "under State guidance," upon "the voluntary organisation of farmers for business purposes on co-operative lines," and upon a reconstruction of rural social life "with a view to removing the disparity between the respective attractions of town and country." A further resolution asked the Foundation's trustees to establish in London "a clearing house" of co-operative information primarily for the English-speaking world. This task was accepted by the trustees, placed in the hands of Mr. Karl Walter as Secretary, with a small staff and a few correspondent officials in these islands

and the Dominions, and is being accomplished year by year at the Foundation's offices at 10, Doughty Street, London. The number of correspondents has risen since then to fifty-six; the Foundation is represented in Canada, Australia, New Zealand, India, Ceylon, Malaya, the West Indies, the United States, Belgium, Bulgaria, Czechoslovakia, Denmark, Finland, France, Germany, Holland, Hungary, Italy, Norway, Russia, Rumania, Sweden, Switzerland, and the Argentine.

The ground to be covered, however, is a task which, whilst concentrating on rural issues takes all co-operation for its province, cannot, of course, be permanently accomplished by the very limited personnel at present occupied as a "whole-time" staff. But, pending further support, the Foundation is carrying on a wider mission than is implied in the work which can be achieved in a single London office. Part of the premises acquired by the Foundation is given to the housing of the Co-operative Reference Library, transferred from its first home in the Plunkett House, Dublin, as a condition for a continued subvention from the Carnegie Library Trustees. The subvention has ceased, but the cost of maintenance has been undertaken by the Foundation of which the Library is now a necessary instrument. At Doughty Street there has been brought together under the Librarianship of Miss Florence Marks a unique collection of books dealing with rural and town co-operation, and with most, if not all, the phases of agriculture considered "as a business" and "as a life"—the designations are Sir Horace Plunkett's. The study of agriculture "as a science" is not overlooked, but the Library could not attempt to exhaust this aspect of study, which relates primarily to State Departments of Agriculture and the universities, agricultural colleges, and the rural schools of all the world. As a guide to what most students would otherwise find a confusing labyrinth, Miss Marks has prepared a bibliography which readers

in the Library carry away with them to the ends of the earth; only two days before writing this a Chinese gentleman who had been studying there told me of his intention to start a similar library for his own countrymen in Nanking. It is not only, however, co-operative agricultural literature which, gradually growing since *The Story of Ralahine* (perhaps the earliest experiment of its kind) was first told, forms now a fairly formidable body of printed thought in English, to which co-operative students are offered a clue. The Foundation's Research Assistant, Miss Margaret Digby, has compiled a *Survey of Co-operative Legislation* which, having first virtually exhausted all the States within the ambit of the British political system, takes in some thirty-five others, thus covering practically the civilised world. The bibliography and the survey are reprints from the Foundation's *Year Book*, which is published by Routledge, London. These are themselves important storehouses of information for students of rural sociology. Miss Digby has also written a monograph on the relations between producers and consumers, which the Foundation published in 1928 (Routledge), and which has been most favourably reviewed, especially by the co-operative press.

The first of the Foundation's publications, issued in 1925 under the title *Agricultural Co-operation in the British Empire*, consists of an introduction in which Sir Horace Plunkett expounded the outlook, policy, and purpose of the movement; a "Survey of Agricultural Co-operation in the British Empire," by the Editor, Mr. Karl Walter, which deals separately with England and Wales, Ireland, Scotland, Canada, Australia, New Zealand, South Africa, India, and the Crown Colonies; a note on Overseas Marketing, several useful appendices and, finally, a full report of the Wembley Conference. The *Year Books* which followed in 1927, 1928, and 1929 contain articles dealing with nearly every country within the ambit of the Foundation's



researches. Those, for instance, who desire to follow the historical developments of co-operation in our own country will find these set forth in a series of articles, the first of which was contributed by Sir Horace's first chosen helper, Mr. R. A. Anderson, to the issue for 1927. It is continued by the present writer in the 1928 and 1929 issues. These articles inform readers of the work of the Ulster Agricultural Organisation Society, as well as that of the precursor and contemporary, the I.A.O.S. I cannot here give even an outline of the subjects treated in the *Year Books*. But I may be allowed to say that a perusal of the articles is essential to an adequate knowledge of what is being done for organised agriculture by the States which form the British Empire, and—what is of even greater moment—what the farmer co-operators of all these countries are doing themselves to promote those principles of “self help” in association with “mutual help” which—this is the creed of all our forward-looking workers for agricultural betterment—are the surest guides to developing a commonwealth based upon primary production, equitable distribution, and a mutual regard for the prosperous development of each of its component units. To the students of the science one can no longer call “dismal”—I can judge from those of them who come to me in Dublin for information and advice when preparing theses for the university or in pursuing their general economics course—the articles in these *Year Books* have proved to be most useful. Moreover, they are enlivened by statistical data collected from all over the Empire, the illustrations (may I call them?) to the co-operative romances veraciously narrated in the text.

The human appetite for printed matter, and even for figures, however, having its limits, the Foundation has other points of approach besides *Year Books*, surveys, statistics, and the like. Its officials are themselves missionaries of the doctrines they teach—doctrines complementary to those held by thinkers who

recognise that economic competition and the social spirit require to be harmonised if they are not to conflict with each other, and with the psychological temper of 1929. Mr. Walter has already taken one world tour, which embraced Ceylon, Australia, the United States, and Canada; last year he visited the West Indies, not only disseminating doctrine in all these countries, but inculcating methods and devising practical schemes to bring both to fruition. Two other members of his staff—Mr. Metcalf in North America, and Miss Digby in Sweden, Rumania, and Czechoslovakia—have represented the Foundation at some of those large international gatherings which have now become almost commonplaces of co-operative association. For, may I remind the reader again, co-operation is a world movement, and no nation is alien to our cause, which seeks to combine productivity in the industry most essential to civilisation with a general goodwill.

There is, too, another phase of the Foundation's activities; besides its publications and the travels of its officials across the globe, from which gradual results may be hoped for over a wide field. Students come to us in London, and scarcely less in Dublin, who have heard in India or Sweden or in Greece that Ireland has made a contribution towards the solution of a problem perplexing to all civilised peoples and devised a method whereby the small cultivator may himself hope to reap the fruits of his own toil, with a technique through which the bundle of sticks may be bound together to offer a sturdy resistance to those who else would break it, faggot by faggot. Ireland may not have done all that she might, and she has not nearly accomplished yet all we hope for; but, north and south, she has made a beginning, and others besides our thirty-two counties have profited from it: Finland brilliantly; Scotland efficiently; Wales well, if tentatively; England (so far) less successfully, yet not without benefit.

Indeed, when one remembers the relation of agriculture and the farmer to the kingdoms and republics of thirty years ago (the date at which the present writer began to have first-hand experience), and then looks out over the vast fields covered by (*e.g.*) the International Institute of Agriculture, or observes the magnitude of the Canadian Wheat Pools, or considers the advances made in the organisation of the dairymen in the two hemispheres, or the complex network of legislation guiding the cultivators of almost all the world—one sees that small beginnings in this little island have not been without influence on that great world movement then unforeseen.

Not seldom, then, students who in London or in Manchester at the Co-operative Union examine the literature of co-operation cross the Irish Sea to see for themselves what has been attempted here, and what done. And we are able truthfully to tell them that those attempts which may have seemed abortive (though the end is not yet) convey laboratory lessons no less helpful than the modest but practical achievements we can show. I think I have only known two students to leave Ireland disappointed in thirty years: one who sadly discovered we are not all “saints and scholars”—not yet; and one who, missing his rail connections, failed to find what he set forth to seek! What they found included a business done since its insignificant inception and during its slow growth, up to the last year or two, under adverse conditions, political, psychological, and economic, of probably little less than £120,000,000, through creameries organised, poultry, egg, “store,” or flax societies established, bacon or meat societies, and trade federations and credit societies set going and helped on their way.

To some European and American observers the aggregate trade is probably not a very striking figure. It is notable, indeed, when the conditions of Irish farming with their *vis inertia* are under-

stood; but the really significant fact is neither the total turnover nor even the very satisfactory reflection that the profit for it has found its way into the pocket to which it justly belongs, the farmer's. The important discovery for the foreign student is that there exists a technique of co-operation whereby an organisation can weld farmers (not the least individualistic class in the world, whether they live in Kerry or Down, in Britain or America) into an organised body for production or distribution or credit; that this technique is carried out through an organ, the "Agricultural Organisation Society," for advancing a policy which every year draws more adherents—the policy that the State and the organised farmers, mutually bound together in free association, can form a firmer basis for the national well-being than is possible either under exclusive State control or under unorganised agricultural conditions. The idea of organising farmers into (1) autonomous co-operative bodies for specific business purposes (not merely for the passing of resolutions, however polite, or for action which has no immediate relevance to the farmers' immediate problems in production, marketing, or credit); and then (2) of reintegrating these business organisations for centralised sale each into a federation of its own, such as the Irish Agricultural Wholesale Society for joint purchase of farming requirements and Irish Associated Creameries for the sale of dairy produce, whilst adapted from the older urban co-operative movement, has features which made it unique until, fortunately, it was imitated elsewhere. The work of organisation, supervision, and advice was carried out in Ireland under conditions so different from those of town organising as to oblige the Irish Movement to shape an implement of its own—the I.A.O.S.—an implement partly forged in Northern Ireland, and there financed by its members with Government aid, doing valuable work. It is the practical activities and the results accomplished by this engine of pro-

gressive farming which students from overseas come here to see in operation.

Nor does their study end there. It is also found that this scheme is based on logical principles, the twin doctrines of State aid for self-help and self-help merging in mutual aid. It is said that Latin peoples recognise one factor in this valuable complex readily, Nordic peoples the other. Perhaps in Ireland we mingle these complementary race types and so have need of each other. Meanwhile, although our co-operation is still young and still growing, we are glad to think we can add something not only to agricultural development in these islands, but to its study amongst, and perhaps beyond, the reach of English speech. Whether we ourselves recognise exactly what this policy and these principles can accomplish may be questioned. But, at all events, Irishmen must see with gratification that the Free State Government took up, developed, and carried further the policy of the British Treasury in regard to the I.A.O.S., and again with gratification that the uphill, ardent, and effective work of the Ulster Agricultural Organisation Society is now receiving recognition and a measure of aid from the Government of Northern Ireland. But we all have much further to go before we enter fully into the practical results of the policy and the principles to secure whose continuance the Horace Plunkett Foundation was formed.

## II.—ANNUAL REPORT (JUNE 27, 1929)

### *Retrospect.*

THE origin of the Horace Plunkett Foundation was a gift of £20,000 by Sir Horace Plunkett to promote "the systematic study of the principles and methods of agricultural and industrial co-operation," and for other purposes looking toward "the development of a good rural social life" recited in the Trust Deed of 1919 and specified in the Memorandum of Association of 1926. A further donation of £15,000, to be used for the work of the Foundation in Ireland, was made by the Founder in 1924. In July of that year the Foundation convened a Conference on agricultural Co-operation in the British Empire. The leading Agricultural organisations of Great Britain and the Dominions, and nearly all the Governments concerned, were represented. The British Minister of Agriculture presided at the opening session. At this first session the Conference passed unanimously the following resolution:

That a prosperous and progressive agriculture is essential to Empire well-being;

That agricultural prosperity depends fundamentally upon the fulfilment of three conditions:

- (1) The application of scientific knowledge, under the guidance of the State, to the farming industry;
- (2) The voluntary organisation of farmers for business purposes on co-operative lines; and
- (3) A reconstruction of social life in the country, with a view to removing the disparity between the respective attractions of town and country.

In the following resolution, also carried unanimously, the Foundation was entrusted with a task wholly in accordance with its own ideas and only needing moral and financial support for its accomplishment:

That in view of the importance and urgency of reliable information as to the position and progress of the agricultural co-operative movement in all its branches, there should be established in London a clearing house of such information for the service of the movement primarily throughout the English-speaking world.

That the Trustees of the Horace Plunkett Foundation be hereby asked to consider steps to give effect to the above resolution.

In the following year, 1925, the headquarters resources of the Foundation were completed by the transference of the Co-operative Reference Library, considered to be the most complete collection of information on agricultural co-operation in the world, from the Plunkett House, Dublin, to the London office. The Library was maintained and brought thoroughly up to date with the aid of a grant spread over three years from the Carnegie United Kingdom Trust. In 1927, the working expenses of the Foundation having by that time far outrun its income, application was made to the Empire Marketing Board for a grant of £1,500 a year for five years to assist in Empire surveys and the publication of the *Year Book of Agricultural Co-operation in the British Empire*. During the first year of this grant, Ceylon, Australia, New Zealand, and Canada were visited and the *Year Book* (1928) was published. Previous publications of the Foundation had been a Preliminary Survey of Agricultural Co-operation in the British Empire, a Report of the Wembley Conference, the *Year Book* (1927), and a World Survey of Co-operative Legislation. Membership of the Foundation was extended to include as Asso-

ciates individuals and organisations paying an annual subscription to the Foundation. Associates receive the *Year Book* and other publications of the Foundation; special attention is given to any problems of organisation referred to the Foundation by associated societies concerning production, marketing, joint purchase, mutual credit, etc.; the resources and connections of the Foundation are at their service for any purpose related to these matters, such as the development of relations between organisations in different parts of the Empire, the rôle of co-operative societies as agencies in the improvement of rural life in all its aspects, the method and material of co-operative propaganda, and so forth. For members of Dominion and Colonial associated organisations visiting England, the London offices of the Foundation are available as headquarters for any purposes of their visit connected with the interests of co-operation, foreign introductions provided and arrangements made for conferences. The Library is also at the service of visiting Associates.

*Present Constitution.*

We have to record with regret the retirement, owing to his frequent absence abroad, of Senator Harold Barbour from the Board of Trustees, which is now composed of the following Members: Sir Daniel Hall, K.C.B., F.R.S., Chairman; Professor W. G. S. Adams; Dermot O'Brien, Esq.; C. S. Orwin, Esq., M.A.; Lionel Smith Gordon, Esq., M.A.; Gerald Heard, Esq., M.A.; the Rt. Hon. Sir Horace Plunkett, K.C.V.O., F.R.S. On the suggestion of Mr. Orwin, the Trustees invited Mr. F. J. Prewett, of the Agricultural Economics Research Committee at Oxford, to sit as deputy for Mr. Orwin in case of his inability to attend any meetings of the Trustees. Mr. Prewett is the author of several agricultural marketing surveys and has also contributed to the *Year Book* of the Foundation.



There are at present 100 Societies and 120 individual Associate Members of the Foundation, some of the Societies being federations which comprise a large number of primary societies. The Foundation is also in constant communication with many other societies in the Empire which are not Associates, as well as with co-operative centres throughout the world.

*Staff and Correspondents.*

The present Headquarters [Staff of the Foundation is as follows:

Karl Walter, Secretary.  
 M. R. Metcalf, Assistant Secretary.  
 H. F. Norman, Secretary for Ireland.  
 Miss F. E. Marks, Librarian.  
 Miss M. Digby, Research Assistant.

The Correspondents of the Foundation are:

*Canada :*

Western Provinces	..	J. T. Hull.
Eastern Provinces	..	J. A. Hand.

*Australia :*

New South Wales	..	C. E. D. Meares.
		G. Gaskin.
		C. C. Crane.
		T. Waites.
Western Australia	..	Hon. J. H. Bath.
		Prof. E. Shann.
South Australia ..	..	E. H. Fromen.
Queensland ..	..	R. McGregor.
		M. R. Harrison.
Victoria ..	..	H. Whiter.
Tasmania ..	..	Dr. A. Nelson.
<i>New Zealand</i> ..	..	T. C. Brash.
<i>South Africa</i> ..	..	A. P. van der Post.
		F. W. Patten.

*India :*

Bombay .. ..	J. A. Madan, I.C.S.
Punjab .. ..	M. L. Darling, I.C.S.
Madras .. ..	S. K. Y. Iyer, M.A.
Central Provinces ..	Y. A. Sukthankar, I.C.S.
Bihar and Orissa ..	A. S. Khan, I.C.S.
Burma .. ..	P. C. Fogarty, I.C.S.
Ceylon .. ..	W. K. H. Campbell.
Malaya .. ..	A. Cavendish, M.C.S.
West Indies .. ..	Sir Francis Watts. Prof. C. Y. Shephard. F. D. Davies.
Jamaica .. ..	A. W. Farquharson. C. L. Clemetson.

*United States :*

Wisconsin .. ..	Mrs. Lucile McCarthy.
Washington, D.C. ..	Charles Holman.
Belgium .. ..	Mgr. Luytgaerens.
Bulgaria .. ..	Miss M. Demchevsky.
Czechoslovakia .. ..	F. Vávra.
Denmark .. ..	H. I. C. Hansen. N. Siggaard. A. Axelsen Drejer. Prof. P. Manniche.
Finland .. ..	Dr. Hannes Gebhard.
France .. ..	Prof. Charles Gide.
Germany .. ..	Nat. Union of Agric. Co-op. Socs. Nat. Union of Distrib. Co-op. Socs. Prof. E. Grünfeld Dr. Hans Rossberg.
Holland .. ..	R. van Sluis.
Hungary .. ..	Dr. Julius Bernát.
Italy .. ..	Odon Por.
Norway .. ..	Randolf Arnesen.
Russia .. ..	E. Variasch. G. M. Ratner. A. Orloff.
Rumania .. ..	G. Mladenatz.
Sweden .. ..	Anders Hedberg.
Switzerland .. ..	Dr. G. Fauquet. Dr. Ernst Laur.
Argentina .. ..	Dr. Domingo Bórea.

*Finance.*

The income of the Foundation for the year ended March 31, 1929, was £2,888 19s. 2d., and the expenditure £4,268 4s. 1d., of which £3,085 was allocated to work in connection with the Empire Marketing Board grant. The considerable increase in the annual deficit is partly accounted for by the termination of the Carnegie grant for the Co-operative Reference Library at the end of September, 1928. The deficiency was greater than had been anticipated when the Trustees determined to carry out the work the Foundation was asked to undertake at the Wembley Conference even at the cost of trenching upon their capital. It was then confidently anticipated that as the work of the Foundation became known and the value of the *Year Book* and other services was appreciated, the Foundation would receive adequate support from the agricultural co-operative organisations within the Empire. This assistance has been slow to mature, the year's subscriptions have amounted only to £256. The Trustees are faced with the necessity of still further reducing their capital by at least £1,000 for the current year, and this they have decided to do rather than to curtail the various activities of the Foundation to the usefulness of which they have secured so many testimonies. It is imperative, however, that co-operators, whether individuals or organisations, should increase their support if the Foundation is to maintain the present character of its work.

*Publications.*

There has been an increased demand for the *Year Book* (1928), a few copies of which are still available at the publishers, George Routledge and Sons, Carter Lane, E.C. The *Year Book* (1929) was published in February and has also been well received. Off-prints of Professor Shephard's article on Peasant Economy in

the Tropics were made at the request of the Agricultural Economics Society and the Imperial College of Tropical Agriculture, and of the Secretary's Report on his visit to Australia, New Zealand, and Western Canada, for the Empire Marketing Board. The Survey of Co-operative Legislation published in a previous *Year Book* was brought up to date. A review of books, surveys, and reports which had appeared during the preceding year was a new section of the *Year Book* which has been much appreciated and will be continued in future volumes.

New ground was broken by the Foundation by the publication of a survey of relations between the producers' and consumers' co-operative organisations made by Miss Digby, referred to in the last Report, under the title of "Producers and Consumers, a Study in Co-operative Relations."\* It has had a wide circulation and has been welcomed as an important piece of research which will lead to a closer examination in many countries of the possibilities of direct trading between the two sides of the co-operative movement, particularly between those of the Dominions and Great Britain, among which were found one or two outstanding examples of direct co-operative links between producer and consumer.

With the approval and assistance of the Russian co-operative movement, Mr. Ratner's book on *Agricultural Co-operation in the Soviet Union*† was translated and edited by the Foundation. It has been very widely welcomed as a timely contribution to our knowledge of the revival and development of Russian agriculture since the Revolution.

\* Published by George Routledge and Sons, Ltd., Carter Lane, E.C., at 5s. net.

† Published by George Routledge and Sons, Ltd., Carter Lane, E.C., at 3s. net.

*The Co-operative Reference Library.*

All publications reviewed in the *Year Book* are available in the Library, besides many other new books and pamphlets for which space was not available for review or which were less closely connected with the subject of co-operation. Owing to the increasing use of the Library as a place of study and research, for which it is intended, it has been found necessary to discontinue the loaning of books except in exceptional circumstances.

*Information and Training.*

The main work of the Foundation continues to be that of a centre of information for individuals and organisations, and a training centre for those who are engaged in work connected with the economics of agriculture and especially with the organisation of co-operative business, community settlement, and other rural enterprise. Following the recommendation of the Royal Commission on Agriculture in India\* there has been an increase of visitors from all parts of the Indian Empire for courses of reading which vary from a week to several months. As desk accommodation is limited, it is desirable that visitors from overseas should give as long notice as possible of their intention to visit the Foundation for study, training, or research, and that

\* " Full advantage should, we think, be taken by officers on deputation of the opportunities of obtaining special training in technique and field work, which are provided by the Horace Plunkett Foundation in London, and the Irish Agricultural Organisation Society in Dublin, respectively. Both these institutions have very generously offered to train a limited number of honorary workers free of charge. If honorary workers willing to take advantage of this offer are forthcoming, we consider that they should be encouraged to do so by a grant from Government towards the expenses involved in a visit to Great Britain and Ireland."—*From the Report of the Royal Commission on Agriculture in India.*

the time spent on this part of the work (that is, excluding the field observation in England and elsewhere arranged by the Foundation) should be limited to three months. Among others who have made use of the Library have been members of the Ministry of Agriculture, the Colonial Office, various Colonial Departments of Agriculture, the London School of Economics, the Society of Friends, the Co-operative Women's Guild and other co-operative societies, the National Institute of Medical Research and several American and other foreign universities and institutions.

### *Conferences and Field Work.*

Two conferences of the Organisation Societies of England, Scotland, Wales, the Irish Free State, and Northern Ireland, were held at the Foundation during the past year. Representatives of the Foundation attended the International Wheat Pools Conference at Regina, the Conference of Rural Community Councils at Oxford, the National Conference on Agriculture in London, and the Co-operative Union Congress at Torquay. A representative is attending the International Agricultural Congress at Bucarest, to be held in June.

A survey of agricultural co-operative organisations in England is nearing completion. The majority of trading and marketing societies have already been visited. Reports under commodity headings will be circulated separately as offprints from the forthcoming *Year Book*. Together with this survey special attention has been given to various co-operative marketing organisations in response to requests for information. At the request of the Society of Friends a representative of the Foundation visited the mining village of Brynmawr, in Wales, in connection with a co-operative scheme for absorbing unemployed miners on small-holdings and in other suitable industries to be started in that

town. The Foundation has made recommendations for the development of this scheme.

With the assistance of the Empire Marketing Board grant, surveys of agricultural business methods of the following countries have been made during the year under review: Eastern Canada, British West Indies, and British Guiana. The Report on Eastern Canada was available in time for publication in the current *Year Book*. The other Reports will be published shortly and will be included in the next *Year Book*.

KARL WALTER,  
*Secretary.*

10, DOUGHTY STREET, W.C. 1.  
*June 27, 1929.*











